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NEWS SUMMARY

GENERAL

Britain's warning over Falklands

Britain warned Argentina it would not back down in the dispute over the Falkland island of South Georgia and is ready to use force to defend its sovereignty.

Lord Carrington gave the warning in a statement to Parliament. He said the Argentine Government's intervention had created a potentially dangerous situation. Back Page, Page 10

Alliance plan

El Salvador's five right-wing opposition parties announced the formation of an alliance which looks likely to provide the next president of the war-torn republic. Back Page; Feature, Page 22

Iraq pulls out

Iraq's military command ordered its Fourth Army to withdraw from positions on the Gulf war front with Iran, according to the official Iraqi news agency. Back Page

Columbia lands

Space shuttle Columbia made a perfect landing at White Sands air strip, New Mexico. It was a day late because of wind storms at the landing site.

Walesas meet

Interned Polish Solidarity leader Lech Walesa was visited by his wife Danuta and saw his two-month-old daughter for the first time at the weekend, the family's parish priest said.

Talks on Ulster

Irish Foreign Minister, Gerry Collins, will bring Ulster Secretary, James Prior, up to date in London today with Dublin views on the province.

Lifeboat hero

Coxswain Michael Scales, who led the Guernsey lifeboat rescue of 29 from a sinking freighter in a Channel storm, was awarded the RNLI gold medal.

Death grant plan

Government published plans to replace the £30 death grant with a £150 to £250 payment to those in real need. Page 10

Whitelaw hits out

Home Secretary William Whitelaw attacked GLC leader Ken Livingstone for criticising the appointment of the new metropolitan Police Commissioner, Sir Kenneth Newman. Page 16

Christ's death

Christ died of a heart attack on the cross, not suffocation as previously believed, says an Italian researcher who has examined the Turin shroud, thought to be Christ's burial cloth.

Bingo ban call

A ban on newspaper bingo was called for by National Union of Journalists' president Harry Conroy, who said it was a threat to media freedom.

Ex-porter jailed

Former Sotheby's porter, Ian Lane, of Essex, admitted stealing his employers' pictures and selling them through rival auctioneers Christies. Knightsbridge Crown Court jailed him for six months.

Briefly . . .

Princess of Wales said her baby is due to be born on July 1, her 21st birthday.

Carl Orff, composer of the Carmina Burana cantata, died in Munich aged 86.

Walter Hallstein, an EEC founding father and first commission president died in Stuttgart, aged 80.

BUSINESS

Equities and gilts rally; $ easy

● EQUITIES were firmer following New York's overnight improvement, the steady tone of sterling and better results from leading companies. The FT 30-share index rose 7.2 to 562.3. Page 38

● GILTS rose, particularly short-dated issues. The FT Government Securities index edged up 0.07 to 68.30. Page 38

● STERLING rose to $1.7825 ($1.78), DM 4.305 (DM 4.30), FFr 11.13 (FFr 11.095) and SwFr 3.4525 (SrWr 3.435). But it eased to Y438.50 (Y439.50). Its trade-weighted index was 90.8 (90.9). Page 33

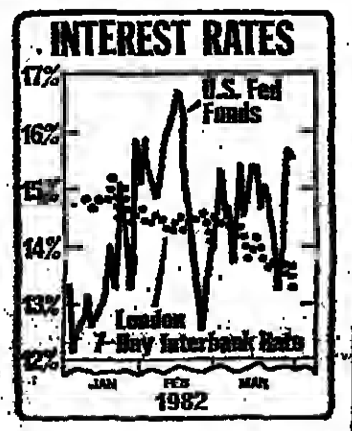
● DOLLAR rose to DM 2.4135 (DM 2.4125), FFr 6.245 (FFr 6.235) and SwFr 1.936 (SwFr 1.928). But it slipped to Y246.05 (Y246.75) and its index eased to 115.9 (116.2). Page 33

● GOLD rose $6.75 to $325.75 in London. Page 33

● WALL STREET was down 4.38 at 819.44 shortly before the close. Page 36

● EUROPEAN short-term interest rates eased, notably in Holland and Switzerland, while

INTEREST RATES



UK rates weakened, with the Bank of England intervening. But longer-term rates were static on fears of rising U.S. rates. Page 33

● BRITAIN will restore its cuts in World Bank aid for India as part of a package aimed at securing contracts worth up to £350m in India for UK companies. Back Page

● CEMENT IMPORTS of up to 1m tonnes could result from talks between the British Precast Concrete Federation and importers, who can undercut UK prices. Back Page

● BRITISH TECHNOLOGY Group has approved the investment of an additional £15m in the next five years, mostly for biotechnology. Page 7

● WEST GERMANY'S car industry boosted output by 16 per cent in January and February to 673,700 (581,000 in 1981) based on strong export sales. Page 2

● HOLLAND seems set to pull out of the proposed gas deal between the USSR and a group of West European countries after earlier announcing that it had halved its gas needs. Page 6

● FERRANTI has signed a £49m contract to design and supply a weapons control system for the Brazilian Navy. Page 6

● NIPPON ELECTRIC plans to mass produce advanced microchips in Scotland from this autumn. Page 8

● RECKITT & COLMAN pre-tax profits for last year rose 24.8 per cent to £66.35m from £53.17m in 1980. Page 24, Lex, Back Page

● STANDARD CHARTERED Bank taxable profits rose £27.9m last year to £260.4m. The dividend is being raised 14 per cent. Page 24; Lex, Back Page

Difficulty not from UK, says Thatcher as summit talks end

BY JOHN WYLES IN BRUSSELS

EEC Heads of Government left here yesterday irritated that their two-day summit had been soured by President Francois Mitterrand's surprising move to undermine next Saturday's negotiations on cutting the UK's payments to the Community budget.

Mrs Margaret Thatcher seemed a notable exception. She barely concealed her satisfaction, remarking that "it is not Britain which is causing the difficulty."

M Mitterrand was unrepentant. France found unacceptable a carefully drafted compromise on the budget, and as a result he was "not sure" if agreement was possible when Community Foreign Ministers resumed their long-running negotiations on the issue in Luxembourg on Saturday.

The controversy risked obscuring agreements reached in relative harmony on:

● Need to increase "profitable" investment in the EEC, to boost employment, if necessary through cutting consumption. The EEC's level of investment, especially in "the industries of the future," was "still too low in relation to its gross domestic product," the official communiqué said.

● A harsh denunciation of Israeli policies on the West Bank. The summit called for an "end to the dangerous cycle of violence and repression" in the area, and "denounced the dismissal of democratically-elected mayors" and "violations of the liberties and rights of the inhabitants of these territories."

● Need to study policies for providing trade credits to Eastern Europe and the Soviet Union. Raised in response to pressure from the U.S., this issue is expected to feature at the seven-nation economic summit meeting at Versailles in June.

● Desirability of increasing the EEC's economic aid to Central America. This totalled £15m in 1981.

The summit, the communiqué added, "expressed serious concern at the continued growth of tensions in Central America."

Community leaders declared that they welcomed "with interest" any initiatives likely to put a stop to the violence and lead to restoration of peace.

They gave no precise indications of the extent to which the Community might increase its assistance.

Aid, the communiqué said, "should be co-ordinated and increased within the limits of their [member-States'] possibilities."

The authors of the compromise plan for a five-year deal limiting Britain's transfers to Brussels were predictably the most downcast after the meeting.

M Gaston Thorn, President of the European Commission, and Mr Leo Tindemans, Belgian President of the EEC Council of Ministers, both thought it unlikely that they would produce new proposals for Saturday's crucial Foreign Ministers negotiations.

Jobs initiative urged by leaders of ten, Page 3

Nigeria produces figures to show oil purchase cuts

BY QUENTIN PEEL IN LONDON AND RICHARD JOHNS IN JEDDAH

NIGERIA yesterday produced figures to show that international oil companies have sharply cut their long-term contract purchases of crude from the country since the recent meeting of the Organisation of Petroleum Exporting Countries, in Vienna.

The figures, which have been sent to Saudi Arabia, would back the Saudi threat of sanctions against companies which reduced liftings in Nigeria since the Opec decision to maintain its $34 a barrel reference price in the face of the world oil glut.

Although the deadline set by Saudi Arabia for the companies to restore their liftings to former levels, or face retaliatory action, passed yesterday without any hint it was being applied, the Nigerian move means that the crisis remains unresolved.

The Nigerian figures for oil sales to the major oil companies, and other governments, appear to contradict claims by the companies that they have not cut their purchases.

The latest figures indicate that current production should be about 1.3m barrels a day—the production quota agreed at the Opec meeting—whereas it has recently fallen as low as 630,000 b/d.

The Nigerian Government says it has about 500,000 b/d in long-term purchasing contracts with the oil majors — principally Shell, Gulf, Mobil, Elf-Aquitaine and Texaco — and a further 300,000 b/d in government-to-government contracts. Equity liftings — the proportion of production the oil companies are supposed to take according to their equity stakes in the individual production companies — total a further 300,000 b/d. Domestic consumption is about 200,000 b/d.

The figures add up to production of about 1.3m b/d, excluding any contracts the Nigerian National Petroleum Corporation (NNPC) might have with third-party independent traders.

The oil majors have argued that the cause of the dramatic drop in production since the Opec meeting 12 days ago has been the failure of the NNPC to sell its majority share of the crude to the independent traders—but the Nigerian figures suggest that long-term contracts with the oil companies themselves are more important.

In Jeddah, Western diplomats and oil company officials maintain that the Saudi threat over Nigerian output was designed primarily to reassert its leadership of Opec and to make amends for the impact on other producers of its own previously high production levels.

There is some satisfaction in Saudi Arabia that its threats have made a psychological impact and that it may have done enough for the time being to reassure other Opec members about its desire to defend the $34 reference price.

Some light on Saudi Arabia's tactics may be shed by Sheikh Yamani when he visits London today. He is due to address a packed meeting of the European-Atlantic Group in the Grand Committee Room of the Commons. He is to speak to the group—representing MPs and Peers of all parties as well as industrialists and economists—on the subject oil and energy.

British Aerospace profit of £70m

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AEROSPACE made a pre-tax profit of £70.6m in 1981, its first full year as a partly privately-owned company. This was well above the £65m forecast at the time of last year's offer for sale, and compares with £52.8m pre-tax in 1980.

At trading level profits were just over £95m last year on sales of more than £1.66bn.

This compared with trading profits of £92.2m on sales of £1.42bn the previous year.

The trading profit was achieved after providing £8m to cover possible losses following the collapse of Laker Airways. These related to BAe's obligations on three Airbus A-300 aircraft sold to Laker.

Sir Austin Pearce, chairman of BAe, said that while the group had two years' work in hand, with an order backlog of £3.89bn at the end of 1981, against nearly £3.5bn at the end of 1980, there might be a further reduction in the workforce of up to 2,000 in the coming year.

While the group did not intend more redundancies than the 1,200 already announced, there was no intention of replacing "natural wastage," so that the overall total might decline.

Sir Austin stressed that the outlook for BAe participation in the proposed A-320 150-seat version of the European Airbus was far from certain.

The group was told by the Government that cash launching aid was available in principle. BAe asked for a firm definition of how much would be available, and said it would then determine what share of work in the A-320 it would undertake.

This is a reversal of usual procedures, where companies seeking launching aid specify what they want to do and how much it will cost, and seek aid accordingly.

Sir Austin made clear that the company discussed a range of options with the Government, involving launching aid of between £400m and £600m for the A-320, depending on whether it undertook work on wings, as with the A-300 and A-310, or on forward fuselage and flight deck, the more expensive option.

BAe would want 100 per cent launching aid for any share of the A-320 it undertook, in view of its heavy commitments on other aircraft programmes such as the BAe 146 feeder-liner.

British Aerospace shares closed yesterday at 193p, 13p higher on the day. The shares were offered in February 1981 at 150p, and reached 251p in late August last year.

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British Aerospace above forecast, Page 24

Hopes for early U.S. recovery recede again

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

HOPES of an early recovery in the U.S. economy receded again yesterday with the news that the country's leading economic indicators fell 0.3 per cent in February. This was the tenth consecutive monthly decline in the composite index, designed to predict likely economic behaviour in the weeks and months ahead.

In a further sign of gloom the U.S. Commerce Department revised downwards its earlier figures for December and January. It now says the index fell 0.8 per cent in December, after originally reporting a modest increase of 0.6 per cent for that month, and then revising it downwards to a decline of 0.3 per cent.

January's fall is put at 1.2 per cent, against an earlier provisional figure of 0.6 per cent. The Department suggested that the decline would have been 2.7 per cent if the average working week had been included in the index. The working week was removed to avoid the distorting effects of the exceptionally cold weather, and did not figure in the February index.

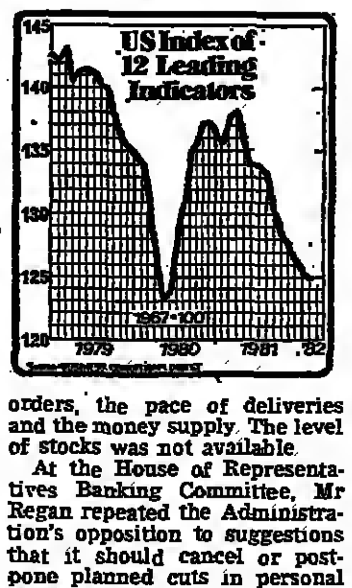
Mr Donald Regan, the Treasury Secretary, told a Congressional committee that "in spite of the continued slide in the first quarter of 1982, there are some hopeful signs." He did not, however, repeat his prediction of two months ago that the economy would come "roaring back" in late spring. But he did predict that interest rates on Treasury Bills would fall from their current level of 14.25 per cent to 10.5 per cent by August, provided Congress enacts President Reagan's Budget.

Last week, the Commerce Department issued preliminary estimates suggesting that the country's real Gross National Product (GNP) is declining at an annual rate of 4.5 per cent in the current quarter. This makes it increasingly unlikely that last month's Administration forecast of 3 per cent growth between the fourth quarters of 1981 and 1982 will be realised.

Administration economists nevertheless believe the economy is no longer deteriorating and may grow slightly in the second quarter.

Five of the nine available indicators for February were lower. They were contracts for plant and equipment, building permits, raw materials prices, stock prices and total liquid assets.

The four indicators to improve were initial claims for unemployment benefits, new



orders, the pace of deliveries and the money supply. The level of stocks was not available.

At the House of Representatives Banking Committee, Mr Regan repeated the Administration's opposition to suggestions that it should cancel or postpone planned cuts in personal taxes to help reduce soaring Budget deficits. Repeal of President Reagan's tax-cutting programme would not balance the budget, but only weaken the economy and lead to increased government spending, he said.

Other proposed tax reforms and the closing of loopholes should generate as much revenue in the long run as the Government should reasonably be allowed to spend, he said.

In the Senate, Republican leaders decided to begin writing their own 1983 Budget resolution, rather than wait for signs of progress towards a compromise in talks between the White House and Democrats. Mr Howard Baker, the Senate Republican leader, said senators could not "wait forever" to start work but that he did not expect them to finish a draft budget before the Easter recess that starts on Friday.

● Mr Regan said the Administration fully supports the Federal Reserve Board's general policy.

In prepared testimony to the House Banking Committee, he said the Fed's tentative target ranges for 1982 of 2½ per cent to 5½ per cent growth in M-1 money supply represent continued progress towards non-inflationary money growth.

He repeated Administration support for growth in the upper third of the target range.

£ in New York

—	Mar. 29	previous
Spot	$1.7825-7835	$1.7860-7880
1 month	0.30-0.35 pm	0.21-0.26 pm
3 months	0.96-1.01 pm	0.85-0.90 pm
12 months	3.05-3.16 pm	2.65-2.80 pm

All out strike call at Heathrow

By Brian Groom, Labour Staff

THE TRANSPORT and General Workers Union, the biggest at Heathrow, is attempting to bring its entire membership at the airport out on strike until British Airways ceases to use "blackleg" labour.

The call, decided at a meeting of about 2,000 TGWU members yesterday morning, is a risky attempt to regain the initiative in the seven-week ramp workers' dispute.

The union claimed the action could bring the airport to a standstill. If it fails—as many of the previous attempts to step up the dispute have done—pressure will grow on the baggage-handlers to return to work.

The airline has been running a full service by using staff volunteers in place of the 1,700 ramp workers on the European and domestic terminals. The ramp workers say they are locked out for refusing to implement new work schedules which form part of BA's survival plan.

The strike call was answered last night by 350 catering staff. BA began to operate contingency plans, which include stopping off at other airports to pick up food.

Mr Mike le Cornu, of the ramp workers, was confident that TGWU members in the main areas would be on strike today. Shop stewards began to muster support after a meeting yesterday afternoon.

BA management was sceptical about the threat. The airline estimated the TGWU's Heathrow membership at 30,000 — including employees of other airlines, the British Airports Authority and fuel companies—and pointed to the low attendance at the mass meeting in the morning.

The airline believes the dispute is crumbling. It says more than 220 of the ramp staff have returned to work.

Mr Ron Todd, TGWU national organiser, and Mr Alex Kitson, deputy general secretary, were meeting Mr Roy Watts, BA's chief executive and deputy chairman, and other board members last night.

No breakthrough was expected. The union, which has made the dispute official, is insisting that the ramp workers will only go back under the old rosters, while talks on new rosters and working conditions take place.

BA insists it cannot return under the old rosters because

Continued on Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Exch. 3pc 1984	£86¼	+ ¼
Exch. 14pc 1986	£100¼	+ ¼
Amersham	209	+ 6
Automated Security	226	+ 21
Babcock Int.	97	+ 6
Beecham	233	+ 5
Booker McConnell	70	+ 4
British Aerospace	193	+ 13
Clay (R.)	68	+ 19
Dowty	126	+ 8
Executex	10	+ 3
FNFC	40	+ 2
Fisons	307	+ 20
Gomme	34	+ 6
GKN	168	+ 6
Inter-City	61	+ 5
Merrydown Wine	72	+ 5
Plessey	377	+ 6
Reckitt & Colman	294	+ 6
Spirax-Sarco	138	+ 6
Standard Chartered	663	+ 8
Trident TV A	97	+ 7
Willis Faber	452	+ 10
Clyde Pet.	108	+ 13
LASMO	307	+ 17
Shell Transport	376	+ 10
Sovereign Oil	285	+ 25
Sogomana	500	+ 35
Anglo Amer. Gold	£32	+ 1½
Leslie	87	+ 9
Libanon	688	+ 43
Meekatharra	130	+ 12
Unisel	427	+ 35
Vogels	75	+ 15

FALLS

Bambers Stores	49	— 3
Cape Inds.	130	— 33
Desoutter	96	— 4
Dreamland	18	— 2
Gillett Brothers	137	— 8
CRA	142	— 6

CONTENTS

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W. German car production surges in first two months

BY KEVIN DONE IN FRANKFURT

THE WEST GERMAN motor industry, which supports every seventh job in the county, has recorded a dramatic increase in car production in the first two months of the year boosted solely by continuing strong export sales.

Car production in January and February jumped by 16 per cent to 673,700, compared with an output of 581,000 in the corresponding period last year. This is in spite of a steep fall of 10.7 per cent in new car registrations in the home market.

Motor vehicle exports rose by 23 per cent to 384,400, helped by West German car manufacturers' particular success in the vital European car markets of France, Italy and Britain.

The main domestic volume car-makers, Volkswagen and Opel, are also mounting a successful counter-attack in their home market against imported models. The importers' share of the West German car market slumped to 24 per cent, or 78,905 units, in the first two months of the year, compared with 29 per cent, or 106,928 units, in the corresponding period of 1981.

The main casualties have been the Japanese, whose share of the West German car market dropped to 8 per cent (26,278 units) in January/February, compared with 11.4 per cent (42,130 units) in the first two months of 1981 and a share overall last year of 10.4 per cent.

For the first two months at least, French car-makers have regained from the Japanese their traditional place as the biggest car exporter to West Germany with a market share of 8.1 per cent. Italy has boosted its share to 5.2 per cent compared with 4.4 per cent in the same period last year.

Volkswagen and its Audi subsidiary have started a new round of domestic car price increases, their second in less than four months, despite the generally depressed state of the home market in which new registrations fell by 10.7 per cent in the first two months to 329,316 units.

The price increases—averaging 3.9 per cent for VW models and 4.3 per cent for Audi cars—have run into opposition, however, from VW's own workforce. The company's workers' council said it failed to see any reason for the price rises which could only hit sales and endanger jobs.

VW cited steel price rises and the higher labour costs as the chief reasons for the price increases. In spite of the fact that West German car workers have recently agreed to accept a moderate national wage settlement of only 4.2 per cent, well below the current rate of retail price inflation.

The recession in the domestic car market has chiefly hit VW's commercial vehicle operations and it is currently negotiating with the workforce over the introduction of further periods of short-time working in this sector later in the year.

The West German commercial vehicles sector is generally depressed given the continuing stagnation of the domestic economy. New lorry registrations plummeted by 31 per cent in the first two months and commercial vehicle production fell overall by 8 per cent to 52,100 units in the first two months of the year.

James Buchan reports on doubts over the future of a scheme to link the Rhine and the Danube

Bavaria battles to save 'project of the century'

CHARLEMAGNE thought of it, Goethe approved of it, Ludwig I did something about it: Bavarians call it "the project of the century." To Herr Volcker Hauff, the youthful Minister of Transport in Bonn, it is the "most imbecile scheme since the Tower of Babel."

It is the DM 5bn Rhine-Main-Danube canal, a waterway about 3,500 km in length, linking the North Sea with the Black Sea and thereby cutting Europe in two. It is also West Germany's most controversial essay in public works after the western runway at Frankfurt Airport.

Unlike the airport scheme, only just now coming to painful birth, the waterway seems almost absurdly close to completion for such a grand project: only 55 km remains to be dug to link the Main and the Danube. Also, unlike at Frankfurt, opponents outweigh supporters.

Under his banner, Herr Hauff can muster most of the Government in Bonn, many of the bargees, the Bundesbahn—the Federal Railway—and the defenders of the environment. The Bavarians, however, have only the self-interest of neighbouring Austria. It is, therefore, scarcely surprising that the underlying distrust between Munich and Bonn, or between

> Charlemagne's dream of a 2,000-mile waterway linking the North Sea to the Black Sea is just 34 miles from reality, but soaring construction costs and environmental and economic objections have cast doubts over the canal's completion as Herr Volcker Hauff, the Minister of Transport, seeks negotiations with Bavaria for a "qualified ending" of the scheme.

Herr Franz-Josef Strauss and the Social Democrats, has erupted into bitter recrimination.

The Rhine-Main-Danube waterway evokes a more expansive age. Nothing seems to have come out of Charlemagne's conception of a "Fossa Carolinga" but, in 1846, Ludwig I of Bavaria opened a 178 km long canal between Bamberg on the Main and Kelheim on the Danube. The builders needed 100 locks to compensate for the 200 metre drop in water level.

Ludwig's canal was as handsome and as well-made as anything else he turned his hand to commercially, it was a fiasco. At only one and a half metres deep and 15 metres broad, it could take no large ships and has carried no freight at all since 1944. Even before this first effort fell into disuse, however, there were thoughts of better things and, in 1921, the Rhine-Main-Danube Company was floated to build a 677 km waterway from the Main town of Aschaffenburg to Passau on the Austrian border.

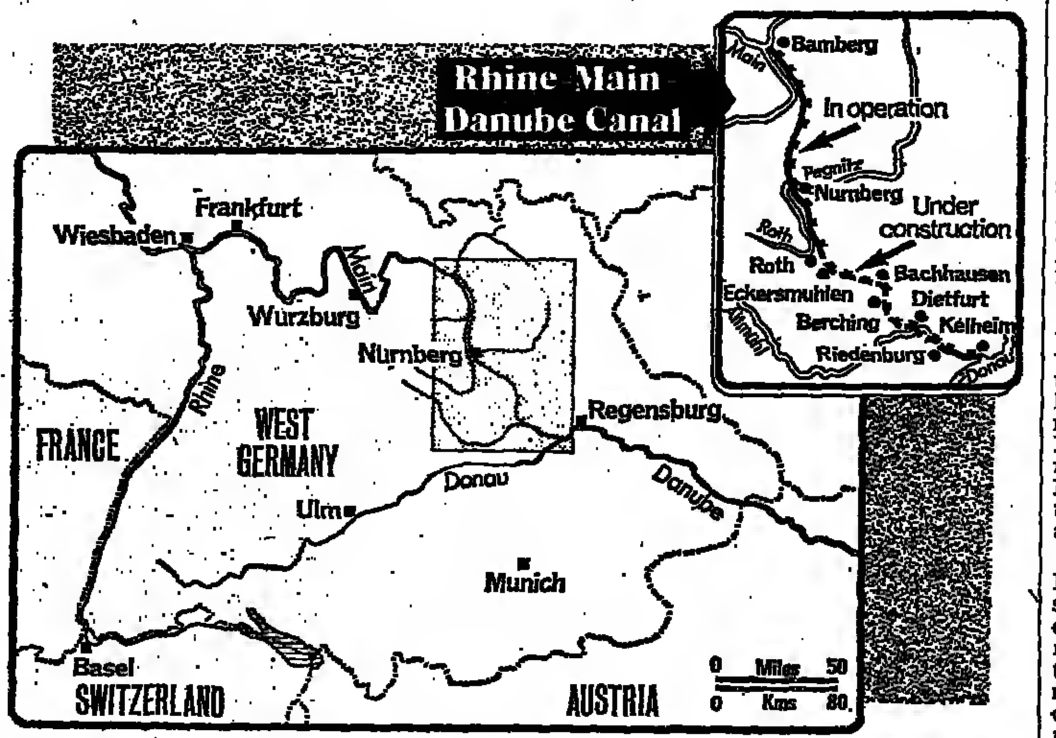
The Weimar government took two thirds of the company's shares, Bavaria and Nuernberg the remainder but work did not begin in earnest until 1962. In 1966, the shareholders agreed that no one partner could drop out unilaterally.

So far, building and canal work on the Main and on all but 59 km of the Danube are complete, as are the canal reaches between Bamberg and Nuernberg and from Kelheim to Regensburg. Over DM 3bn has been spent or committed.

The remaining work is on the Danube beyond Regensburg and on 55 km of canal to be dug through some of the loveliest countryside in West Germany. Twenty-one miles of this through the almost unspoilt valley of the Altmuehl, would include three new locks, an electricity plant and a number of wiers.

As progress has been made, so has opposition to the canal grown. As early as 1966, a Bavarian court disputed the economic sense of the project.

Matters came to a head at the end of January when Herr Hauff tried to persuade his cabinet colleagues to drop the project. Despite his fierce advocacy, Chancellor Helmut Schmidt was apparently not convinced and the Transport Minister came away only with the woolly compromise to seek negotiations with Bavaria for a "qualified ending" of the scheme.



This means different things to either side, as is likely to become clear when the negotiations start in April or May.

The Transport Ministry's arguments against completion are formidable. Leaving aside the questions of capital cost and upkeep at a time of stringent budgets, the Ministry reckons that total annual traffic in the year 1990 along the completed canal would be a meagre 2.7m tons, against 1969's heady expectations of 14m tons. The Ministry also believes that the completion of the canal would add between DM 60m and DM 80m to the losses of the Bundesbahn.

On the other hand, Bavarians, notably Herr Anton Jaumann, the state's Economics Minister, argue for the boost the project will give a structurally weak area and the 2,200 jobs that will be provided in a depressed building industry. They also strongly dispute the estimates for the amount of freight the canal would carry. Meanwhile, the Austrians support a scheme that, at no cost to themselves, opens up a new network of waterways for their trade.

Above all, though, the Bavarians are able to wield what might be termed the "Macbeth" argument: that the project has gone too far to be stopped—and Herr Strauss is not the sort of man to give up easily.

While Bonn holds two of the three purse strings, however, and has already refused to allocate funds for new building this year, the future of the project must be in doubt. That tourists can steam up the canal to picnic in the Altmuehltal may be the best this century will offer to the dream of Charlemagne.

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Walter Hallstein—EEC pioneer who backed integration

WALTER HALLSTEIN, who died on Monday at 81, was one of the small band of European pioneers. But, unlike others associated with the movement towards European integration, he devoted his efforts to making integration work rather than developing a European ideology.

For almost 10 years, from 1958 until 1967, he was president of the European Commission, playing the leading role in making it a political force, able to deal independently with the then six Community states. He liked to say: "We are not in business, we are in politics."

Herr Hallstein had an acute sense of his political role. He worked to enhance the Commission presidency, not so much for personal aggrandisement as for the weight he sought to give the body which he headed. This approach often brought him into conflict with President de Gaulle, the main defender of the prerogatives of the member states.

Gen de Gaulle disliked the trappings of a chief of state, which Herr Hallstein found it necessary to adopt. But the latter's policies were not as much at variance with the French President's as they might have seemed. For Herr Hallstein, the Community was to be preserved and defended above all.

When Britain first applied for EEC membership in 1961, his support was subordinate to his concern that the Community might be weakened at a formative stage by the addition of new members. Subsequently, he changed his mind about Britain, not least as a result of the 1965 conflict with Paris.

In agricultural policy, the main Community achievement during his presidency, Herr Hallstein and Gen de Gaulle agreed on the need for a Community approach, though their motives differed.

Herr Hallstein was, above all, a law professor. The Rome Treaty was a constitution, to be interpreted according to the rules of constitutional law. But he understood that, like any such document, it had to be applied liberally, that the meaning of clauses had to be stretched to yield their full import.

It was his legalistic approach which led him to his most serious conflict with Gen de Gaulle. He claimed that the logic of the treaty required the Community be endowed with its own revenues and that the European Parliament be given powers to supervise the budget. Gen de Gaulle was unwilling to see the Community institutions given such an independent power of action.

When Herr Hallstein left the presidency, he had not won his point, but there were few in Europe who doubted that one day his view would prevail—as it has.

Born in 1901, Herr Hallstein studied law at Bonn, Munich and Berlin. From 1929 until 1942 he taught law at the Universities of Rostock and Frankfurt-am-Main. During the Second World War, he served in the German army until his capture.

He became Rector of Frankfurt University in 1946 and four years later was asked by Chancellor Konrad Adenauer to lead the German delegation in the negotiations on the European Coal and Steel Community Treaty.

In 1951 he became State Secretary in the West German Ministry of Foreign Affairs. He became identified there with the now-buried Hallstein doctrine, under which West Germany said it would break diplomatic relations with any country recognising the East German regime.

Herr Hallstein was one of Dr Adenauer's principal aides in the effort to improve Franco-German relations. He negotiated with France the return of the Saar to West Germany. From 1955 he headed the West German delegation for the negotiations on the Rome Treaty.

Jobs initiative urged by leaders of the Ten

BY GILES MERRITT IN BRUSSELS

EEC heads of government yesterday laid emphasis on economic-policy initiatives designed to tackle the worsening unemployment crisis, which they described as "intolerable."

But an EEC jobs strategy eluded them, largely because of scepticism over its value and disagreement on its inflationary effects.

Backing an array of strengthened national measures, the leaders of the Ten stressed in their post-summit communique that the slight improvement in the European economies expected during 1982 will be inadequate to prevent increases in jobless levels.

EEC unemployment has risen by 2m in the last 12 months, and the heads of government were warned by the European Commission that the total may well go from the present 10m to between 14m and 15m by 1984/5.

The European Council has called for a meeting of the EEC "jumbo" council, grouping economic, finance and employment ministers, to launch the jobs initiatives. One of its priorities will be implementing the Brussels summit's pledge to provide ever the next five years enough yonth training and work experience schemes to guarantee either a place or a job to every school-leaver.

Other measures due to be given impetus by the council include the encouragement of investment in "industries of the future" and in small businesses and service activities. EEC member states are also to consult one another on work-sharing.

The timing of the jumbo council, which last met inconclusively almost a year ago in response to similar instructions issued by heads of government at the Maastricht summit last March, is uncertain. The European Commission is expected te urge that it takes place during the second half of this year, when Denmark will occupy the presidency of the EEC Council of Ministers.

The Copenhagen summit in November, rather than the next European Council in June, is being seen as the point at which measures to combat unemployment will receive an important political boost from the heads of government. The European Commission has been instructed to present a programme of proposals by then.

But Mrs Margaret Thatcher, the British Prime Minister, also emphasised at the end of yesterday's talks that one of the European Council's main achievements in Brussels has been its recognition that job-creating investment can be achieved only through lower consumption, either through increased taxation or through wage restraint.

EEC anxious to avoid public clash with U.S. at Versailles

BY JOHN WYLES IN BRUSSELS

"THERE MUST be no public pilloryíng of the United States." This was the by-word of the EEC summit, but President Ronald Reagan should be bracing himself for some tough talking from the Europeans at the seven-nation economic summit at Versailles in June.

While avoiding any mention of U.S. economic policies in the communiqué, the EEC meeting's lengthy complaint about the "persistence of high real interest rates" and unjustified exchange rate fluctuations reflected the current anguish felt in many Community capitals about the effects of Mr Reagan's policies.

Chancellor Helmut Schmidt is said to have complained that *Washington's* budget deficits were producing "unbearable" international interest rates.

Nevertheless, the EEC does not want a public row on the issue, particularly when Atlantic relations have all the tensions they need. Mrs Margaret Thatcher again emerged as the President's strongest defender, arguing that his budget deficit was a lower percentage of gross domestic product than most EEC government deficits.

The *British Prime Minister* also made it clear that the co-operation which the Community would offer the U.S. and Japan at Versailles to stabilise interest and exchange rates would fall far short of the European Commission's ambitious ideas for co-operation between EEC central banks and the U.S. Federal Reserve.

More generally, the summit's "willingness to develop further *consulttaions*" with Washington revealed that the hour has not yet arrived for consideration of more ambitious proposals for casting Europe's political relations with the U.S. into new frameworks.

Significantly, Mr Leo Tindemans of Belgium did not raise his proposal for reguar meetings between the U.S. Administration and a "troika" of past, present and future occupents of the presidency of the Council of Ministers. Neither did Herr Hans Dietrich Genscher, the West German Foreign Minister, push his plan for regular informal meetings of Nato foreign ministers, while Sig Emilio Colombo was apparently silent on his idea for a Euro-American friendship pact.

None of this, however, reflected any increased general satisfaction with the state of EEC-U.S. *relations or a confidence* that military, economic and commercial disagreements can be resolved adequately under existing arrangements.

Greek leader makes his presence felt

BY DAVID TONGE IN BRUSSELS

"LAST TIME you were the problem, this time I am," Dr Andreas Papandreou of Greece was told yesterday by President Francois Mitterrand of France. But several other EEC heads of government left town last night less cheerful about the second summit appearance of the Greek Socialist leader.

He had started their morning yesterday with a long speech on why the Community must change its rules for Greece. The recent Greek memorandum on this has now entered the Commission works and is expected to be a regular item at future summits.

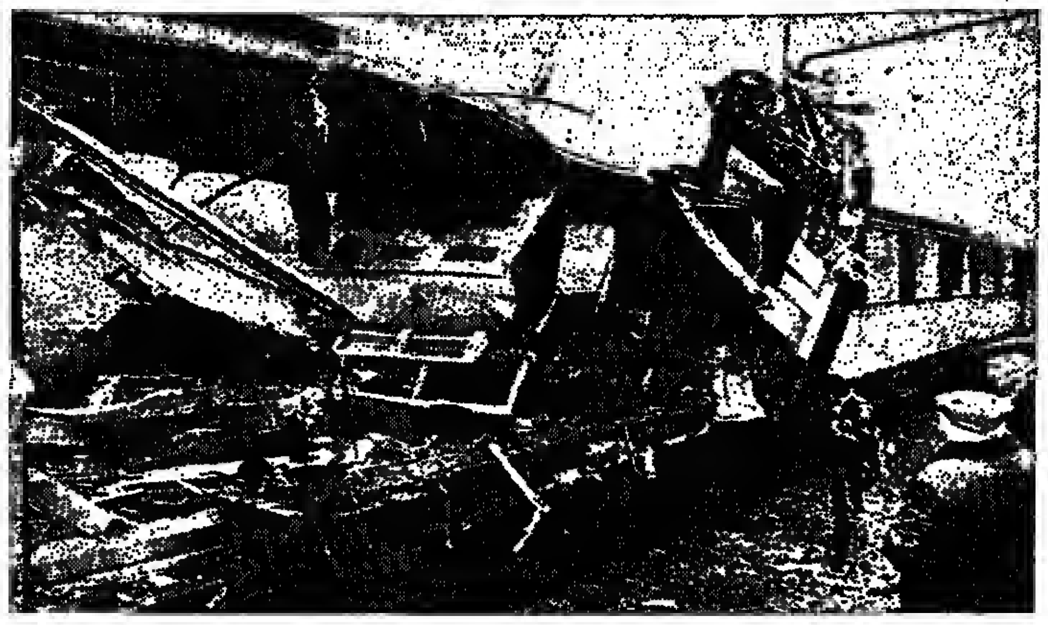
He had then ended their work by insisting on a "communique by a footnotes": for the first time, European leaders have had to accept Greek reservations about their views on Poland and the Soviet Union, as Nato and EEC foreign ministers have had to earlier.

Finally, there was Turkey. Last night, Dr Papandreon raised a few draughts during the fireside chat of the heads of government by his strong reminder that Turkish troops were occupying Cyprus while the EEC looked the other way. He proposed demilitarisation of tha whole island — which caused Mrs Margaret Thatcher, with two British bases on Cyprus, to continue looking the other way.

This morning, the Greek leader had some cynical questions to ask about the Turkish generals' promises of elections and democracy.

On several issues EEC leaders have decided it is best to let Dr Pandandreou speak his mind and then move on to the next item on the agenda. But strong feelings in Copenhagen, the Hague and Paris helped ensure yesterday's communique was firm about Turkey.

So Dr Papandreou eventually appeared less far from the mainstream than some of his critics might wish. Many might prefer the Ten to have remained Nine, but last night the Italians, too, started backing the Greeks on the agricultural issues they will be fighting with the Community.



LIMOGES—Police said yesterday that the blast on a French express train which killed five people and injured 28 on Monday night was caused by a package of explosives on a luggage rack. It was not clear, however, whether it was a bomb attack or whether explosives being transported by terrorists had gone off accidentally.

The package exploded as the Paris-Toulouse express, with 300 people aboard, was travelling towards Limoges at 90 mph. No one has claimed responsibility for the blast.

The explosion coincided with the expiry of an ultimatum issued to the French Government by the international terrorist known as Carlos to release two members of his organisation arrested in Paris in February.

The blast occurred about 12 miles from Limoges. The express stayed on the tracks but the explosion blew out the end of a coach, hurled two bodies clear and shattered windows in nearby houses.

One eyewitness said on television that the explosien, which scattered debris up to 200 yards away, occurred after an argument between two passengers over a briefcase.

—Reuter

Italy in £640m industry boost

BY RUPERT CORNWELL IN ROME

THE ITALIAN Government yesterday gave the go-ahead to a L1,500bn (£640m) facility to help research and development in *high technology sectors of* industry.

The endorsement, which came more than 18 months after it was first proposed, was issued from the Inter-Ministerial Committee on Industry, a few weeks after the scheme's approval by parliament.

Five sectors will benefit: the car and components industry, electronics, fine chemicals, aerospace, and certain categories of special steel.

The Industry Ministry will have to examine projects sub*mitted before disbursing finds*, and therefore, application of the facility may be slow. But it has been welcomed by industry as a move to help Italy lift its research and development spending closer to the levels of its European, U.S. and Japanese competitors.

Allocation of the money has not yet been set out, but the areas expected to benefit most are the car sector (Fiat and Alfa Romeo), aerospace and electronics. Aid from the fund might be linked to the re-*organisation schemes which the* authorities are trying to foster in the two last-named sectors.

The main conditions are that projects submitted must involve technological innovation, and not just modernisation of existing equipment. At least 60 per cent of project expenditure should still be outstanding when the ministry has completed its examination of an application.

Burke quits Dail for Brussels

BY BRENDAN KEENAN, DUBLIN CORRESPONDENT

THE ARITHMETIC of Irish politics was altered radically yesterday by the decision of Mr Richard Burke to give up his opposition seat in the Dail (Parliament) and return to his former job as Ireland's EEC Commissioner.

The move followed a week of agonising, during which Mr Burke, representing Dublin West, first accepted the offer to go from Mr Charles Haughey, the Prime Minister, and later turned it down under pressure from his colleagues in the Fine Gael party.

Yesterday, however, Mr Burke flew to Brussels, leaving behind his written resignation from the Dail and from the party.

The decision caused shock and dismay in Fine Gael. Dr Garret FitzGerald, the party leader, said Mr Burke had told him his refusal of the post still stood when they returned on Monday from the EEC's 25th anniversary celebrations. Mr Peter Barry, the deputy leader, said he felt Mr Burke had let the party down.

Mr Burke, in a letter to Dr FitzGerald and in a public statement, said he had reconsidered his decision in the national interest. Opinion in the party was divided and media comment and people he did not know personally had urged him to accept the nomination because of the need to have someone experienced representing Ireland in Brussels.

The present European Commission retires in three years, but there is speculation in Dublin that Mr Burke may have been promised a second four-year term. It is difficult to see, though, how Mr Haughey could guarantee a renomination given the uncertainty of current Irish politics.

Mr Burke's departure means that Mr Haughey's Fianna Fail party, with 81 of the 164 occupied seats in the Dail, will find life much easier. On most issues the Prime Minister can probably count on the support of Mr Neil Blaney, a former FF minister and now an independent. The Chairman *(Speaker) traditionally* votes with the Government in the event of a tie.

The common prediction is that Mr Haughey will delay the by-election in Dublin West for as long as possible. Even then, Fianna Fail's Mrs Eileen Lemass, who was narrowly beaten in the general election, would be favourite

John Wyles adds from Brussels: Mr Burke and his 13 Commission colleagues are expected today to try to tackle the difficult task of finding him a real job to do. Mr Haughey said yesterday that he assumed the new Commissioner would take over the personnel and administration portfolio which had been held by Mr Michael O'Kennedy, now a member of the Dail.

Mr Burke, however, is thought likely to want to add to this since the portfolio is thin in terms of power and responsibilities. Speculation suggests that he may also be put in charge of co-ordinating some of the Community's spending policies.

Israelis arrest 38 in Arab strikes

JERUSALEM — Israeli troops fired in the air to disperse demonstrators in the Arab West Bank and a hand grenade exploded in the heart of Jewish West Jerusalem yesterday as tens of thousands of Israeli Arabs struck in protest against government policy in the occupied territories.

Police arrested 38 Arabs in scattered incidents.

The one-day strike shnt down many towns and villages in the West Bank, East Jerusalem and a number of Arab areas in Israel itself.

Military officials said two Israeli soldiers were injured by Arabs who stoned a patrol in the Kalandiya refugee camp near the key West Bank town of Ramallah. Troops fired shots in the air to disperse the demonstrators.

The grenade went off at noon behind a department store in the commercial ceotre of West Jerusalem, damaging parked cars hut causing no casualties, police said.

It was not immediately clear if the explosion was set off by Palestinian guerrillas to coincide with the general strike, they added. Several Arabs were held for questioning after the blast.

The work stoppage was called to express solidarity with West Bank Palestinians who have staged 12 days of intermittently violent protests against Israel's dismissal of three mayors supporting the Palestine Liberation Organisation (PLO).

The strike was also designed to mark the sixth anniversary of "Land Day" when six Israeli Arabs were killed during rioting over confiscation of their lands.

An estimated 500,000 Arabs are citizens of Israel, mostly living in Northern districts around Galilee. Their leaders frequently complain that they are regarded as second-class citizens of Israel.

Reuter

Robert Cottrell examines some of the problems of setting up a new market

Hong Kong prepares for financial futures

ALL STUDENTS of financial futures come in time to know the banker who wants to lend for six months but can only borrow for three, or the corporate treasurer who will have $1m to invest in three months' time, but fears interest rates are in for an imminent tumble.

In both cases, the textbook answer to their dilemmas is the financial futures contract.

Of course there cannot be financial insurance without risk takers and nobody in Hong Kong would want there to he. Making as much money as possible usually seems to mean making it in as complicated a way as possible, and what better vehicle than a financial futures exchange?

Hong Kong now is where London was just under two years ago as far as financial futures are concerned.

A working party is studying the various aspects of trading in financial futures, under the leadership of Mr Peter Scales, who is chairman of the Hong Kong Commodities Exchange.

The working party will report to the exchange's directors, who may then wish to ask the Government to extend the commodities trading ordinance to take in the desired financial contracts.

The London working party has now given way to a fully-fledged London International Financial Futures Exchange (LIFFE) due to open in the Royal Exchange building in the autumn.

Supporters of a Hong Kong financial futures market are studying the emergence of the London market, which has an indirect link with Hong Kong through the International Commodities Clearing House (ICCH), owned by the London clearing banks, plus Standard and Chartered.

ICCH clears and guarantees LIFFE. Its subsidiary, ICCH Hong Kong, acts as clearer to the Hong Kong Commodities Exchange.

Mr Anthony de Guingand, London general manager of ICCH and former secretary to the working party there, is in Hong Kong this week explaining the relevance of LIFFE to Hong Kong and furrowing a few brows with the finer points of trading in the process.

The LIFFE contracts will be in three-month U.S. dollar and sterling time deposits, a long-term instrument based on a national 20-year 12 per cent gilt-edged stock, and four currencies against the U.S. dollar.

For Hong Kong, short-term Hong Kong dollar and U.S. dollar contracts look natural enough. For currency contracts, the U.S. dollar might well prove of broader interest than the Hong Kong dollar as the principal currency.

For the long term, Hong Kong lacks the British tradition of Government fixed-interest debt.

"Jardine, Matheson loan stock?" is the dry suggestion from Mr Christopher Brown, group treasurer of that group.

"We'd want to experiment on it," says Mr Brown of the putative market, "I'm certainly interested. It's a useful tool for corporate treasurers."

But education in the ways of the market is, he points out, a primary concern for potential participants. "One ought to know how it works in order to know whether one ought to be using it."

It might be said against local financial futures that some existing contracts on the Hong Kong Commodity Exchange, notably cotton, have failed to thrive.

That has in turn been put down to a lack of trade, as opposed to speculative, interest. While money, it is argued, is a commodity essential to every form of trade, a further bull point for supporters of a financial futures market is that, particularly as LIFFE comes into action, Hong Kong would provide an additional trading time zone.

Bot the most compelling logic hehind a financial futures market is that Hong Kong wants to be the world's number three financial centre — an aspiration which Mr John Iremridge, the colony's financial secretary has undertaken to support by allowing a free market to operate with a sensible infrastructure.

"If Hong Kong wants to become a major financial centre," Mr Chris Harrison, Chartered Bank's treasurer says "a financial futures market is another arm."

Gandhi election move fails

BY K. K. SHARMA IN NEW DELHI

INDIA'S Prime Minister, Mrs Indira Gandhi, suffered a major setback yesterday when her Congress (1) party's attempt to have the elections in the Marxist-ruled state of West Bengal postponed failed. It now seems that there will be elections to a number of state legislatures within a couple of months.

The attempt to have the elections postponed failed when the Supreme Court rejected the Congress (1) party's petition that the electoral rolls in West Bengal were not valid, thereby clearing the way for early elections as sought hy the state's Chief Minister, Mr Jyoti Basu.

The Congress (1) was trying to have the elections postponed because of the growing disunity in the party in nearly all the states, notahly West Bengal, where elections must he held hy June unless Mrs Gandhi clamps direct rule by New Delhi on the state

The state government itself fears this might happen and therefore urged early elections.

If early elections are held in West Bengal, of which Calcutta is the capital, it is possible that they will also be held in a number of other states where they are due. These include the Congress (1)—ruled states of Haryana and Himachal where Mrs Gandhi's party is torn by dissent.

Elections could also be ordered at the same time in the southern state of Kerala—which was recently bronght under direct rule — Andhra and Karnataka.

Although these need not be helnd immediately, it is thought that Mrs Gandhi may have to how to pressure to hold simultaneous elections even though her party is under severe strain.

The party disunity came into sharp focus on Monday night when Mrs Gandhi's politically ambitious daughter-in-law, Mrs Maneka Gandhi, widow of her controversial son, Sanjay, moved out of the official residence of the Prime Minister.

This followed the Prime Minister's open annoyance over Maneka's weekend appearance at a convention at Lucknow, capital of the key state of Uttar Pradesh, organised by Mrs Gandhi's opponents.

The convention was organised by a former friend of Sanjay Gandhi, ostensibly to revive the policies of the late son of the Prime Minister, who described it as an "anti-party activity"

Followers of Sanjay Gandhi, who were elected to Parliament and the state legislatures in large numbers, feel they are being ignored by Mrs Gandhi's elder son, Rajiv, who is now heing groomed as the heir apparent to the Prime Minister.

Industrial growth set to slow in Zimbabwe

BY OUR SALISBURY CORRESPONDENT

ZIMBABWE'S industrial prodnction increased almost 10 per cent last year, compared with 14.9 per cent in 1980, according to official figures.

Industrial growth—measured by the expansion of the volume of manufacturing goods—slowed sharply in the second half of 1981 however, when the growth rate tumbled to less than 7 per cent compared with 13.5 per cent in the first six months of the year.

A further fall-off in the growth rate is predicted for 1982, primarily due to the reduction in import allocations that took effect in October last year and was intensified in the first quarter of 1982.

1981 mining output figures, released for the first time, show that the value of mineral production in Zimbabwe fell by more than 5 per cent in 1981—the first such decline in nearly 20 years. Output was valued at Z$394m (£296m) and production volumes were down some 5 per cent.

Year-end agricultural output figures are not yet available but crop statistics show a 56 per cent increase in the value of crop sales last year, primarily due to a surge in the value of maize output and a 27 per cent increase in tobacco production.

Year-end trade figures will only be published next month, but figures for the 11 months to November 1981 show a deteriorating trade position, with a 1980 surplus of Z$85m, slipping to a deficit of Z$107m.

This implies that Zimbabwe's current account deficit in its balance of payments is likely to have doubled from Z$180m in 1980 to at least Z$350m last year, as export volumes fell to their lowest level in 10 years while the volume of imports increased more than 30 per cent.

Iran nuclear plant move

MULHEIM—Iran wants to restart work on a nuclear plant at Bushehr, mothballed since January 1979, West German power station constructors, Kraftwerk Union AG (KWU), said yesterday.

KWU, a Siemens AG subsidiary, said it had reached an agreement foreseeing an end to arbitration over KWU's compensation claims regarding the project, with the Atomic Energy Organisation of Iran (AEOI).

During these negotiations, it added, the AEOI delegation had said it wanted to open talks with KWU on continuing work on the nuclear power station.

A KWU official said the company's claim for compensation ran to hillions of D-marks, but declined to give a specific figure.

The plant was 70 per cent complete when KWU abandoned the site because Iran did not meet payments.

Mothballing of the plant, undertaken before KWU left it, was expected to preserve it for about three years.

Reuter

Japanese exports drop 12% in January

By Richard C. Hanson in Tokyo

JAPANESE exports dropped 12 per cent, on a seasonally-adjusted dollar basis, in January compared with a month earlier.

Japan's external current account balance, however, which incindes both merchandise and invisibles trade, returned to rough equilihrium last month, with a small (unadjusted) $35m (£20m) surplus.

This was dne in large part to the impact of a much depreciated yen.

The decline reflects both the chilly reception being given to some Japanese goods overseas, and perhaps more importantly, the general sluggishness of the world economy.

Though by a smaller margin than exports, imports fell, leaving a trade surplus of $1.296hn against a deficit of nearly $800m in January.

The relative stability in Japan's trade accounts helped offset wide swings in the flows of capital in and out of the country.

Though the long-term capital account outflow in Fehruary of $1.456bn was smaller than in the month before, there was a record ($1.424bn) flood of Japanese investment into foreign securities, attracted by high interest rates.

The lion's share of these funds poured into Zero coupon Eurobonds (an estimated $780m) a movement which halted under orders from the Finance Ministry early in March.

The capital acconnt would have been in mnch deeper deficit bnt for a record amount of funds raised overseas ($967m) by Japanese companies and remitted home.

These shifts in capital are in large part responsible for the current weakness of the Yen on international exchange markets. The yen this week has edged closer toward the Yen 250 per dollar mark, a level beyond, which the Government might be inclined to take protective actions.

This would only occur, however, if the authorities became convinced that that payments situation was critical.

The Finance Ministry has been somewhat reassured on this point by the halving of the overall unadjusted balance of payments deficit to $1.2bn last month compared with January. On an adjusted basis, though, the deficit was $270m larger.

Pretoria acts to curb interest rate rises

By J. D. F. Jones in Johannesburg

THE SOUTH African Reserve Bank yesterday cut the clearing banks' reserve balances requirement hy about R400m (£222m) in an effort to reduce the upward pressure on interest rates.

Prime rate here has risen from 17 to 20 per cent in less than two months and there is thought to he a clear political requirement that it should not go any higher.

But Dr Gerhard De Kock, Governor of the Reserve Bank, added that "apart from their interest rate effects, the measures do not represent a relaxation of monetary policy. The need to curb bank credit, money supply and total spending remains a top policy priority."

Dr De Kock's statement noted that there has recently been such a tightening of short-term interest rates in South Africa that the clearing banks had been considering raising prime rate to 22 per cent.

"Since such a further rise in prime overdraft rates is not considered necessary at this stage from a policy point of view, it has been decided to reduce the pressures in two ways, Dr De Kock went on.

First, the reserve balances which the banks hold with the Reserve Bank would be cut to 4 per cent (from the previous 10 per cent for large banks and 7 per cent for others). This would free about Rand 400m of non-interest-earning assets.

Secondly, the Reserve Bank is to lower substantially the premium it imposes on forward dollars, thus encouraging greater use of foreign credits.

There might seem something contradictory between Dr De Kock's insistence that monetary policy has not been relaxed and a measure which seems to encourage the banks to bring in money from overseas, but banking officials here last night doubted whether either of the measures would have a particularly dramatic impact.

Fresh bid to break Namibia deadlock

SENIOR officials from the U.S. and France are to meet Mr Sam Nujoma, president of the South West Africa People's Organisation (Swapo), in Angola this week in an effort to break the current deadlock over plans for a settlement in Namibia (South West Africa), Quentin Peel, Africa Editor, writes.

At the same time, Sir Leonard Allinson, the senior official responsible for Africa at the British Foreign Office, will meet South African officials in Cape Town.

Reagan plan for greater survival in nuclear attack

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

PRESIDENT Ronald Reagan has launched a seven-year $4.2bn (£2.3bn) civil defence programme to provide for the survival of "a substantial proportion" of the U.S. population—and ensure continuity of government—in the event of a nuclear war.

The programme, to be run by the Federal Emergency Management Agency (FEMA), would include plans for the evacuation of up to two-thirds of the population from cities and "high-risk areas" if an attack seemed imminent. (It is a major increase over the current programme, which involves $133m a year.

The agency said the plans were based on a government assessment that a surprise nuclear attack on the U.S. was less likely than "a general exchange that would come out of a period of heightened international tension" with the Soviet Union.

The assumption was that the President would have at least a week's advance notice to move people from 380 high-risk areas to "host areas" throughout the country.

The high-risk areas include 61 "counter-force targets," such as U.S. missile sites, strategic bomber bases and ports for nuclear submarines, and 319 cities—essentially all those with more than 50,000 inhabitants.

Mr Reagan'a directive said the plan would "enhance deterrence" by maintaining perceptions that the strategic balance was favourable to the U.S.; Mr Reagan and other members of his Administration have in the past expressed the view that the Soviet Union is better prepared for civil defence against nuclear attack than the U.S.

A Fema spokesman said the agency's scientific studies had shown that a nuclear attack would be "survivable" with sufficient preparation. The thought is unlikely to appeal to anti-nuclear groups in the U.S. and Western Europe, who fear that the threat of a nuclear war will increase if governments believe that it need not totally destroy their countries.

The new U.S. programme is intended to double the number of Americans who survive from 40 per cent to 80 per cent, the agency said. Designation of "host areas" would be left to individual states.

Key industrial workers who would remain in high-risk areas would be provided with blast shelters.

Meanwhile, the Senate armed services committee rebuffed Mr Reagan's plan to base about 40 new MX missiles temporarily in existing Minuteman siloa while trying to reach a decision on a permanent basing plan.

The committee followed the recommendation of its strategic weapons subcommittee and voted to cut funds requested for the interim basing plan, and for the missile's production, from the 1983 budget.

China protests to U.S.

BY TONY WALKER IN PEKING

CHINA HAS protested to the U.S. over its handling of Taiwanese immigration.

This is a further sign of a hardening of Peking's attitude in its rispute with Washington over Taiwan.

The official New China Newa Agency reported last night that the Chinese Foreign Ministry handed a Note to the U.S. Embassy in Peking last Friday protesting against "another U.S. move to create two Chinas by treating Taiwan as a separate foreign state on the issue of immigration."

China claims this contradicts principles enshrined in the communique on the establishment of Sino-U.S. relations which recognises that Taiwan is part of China.

The note demanded that the U.S. correct its "mistake."

AP adds from Washington: The Reagan Administration is delaying a $60m (£33m) arms sale package for Taiwan even though it appears to have strong support in Congress.

The principal destruction to the spare parts sale is China's insistence that the U.S. explicilly rule out selling advanced weapons to Taiwan

Argentine opposition stages protest

By Jimmy Burns in Buenos Aires

POLICE SET up protective barricades and cut off streets in central Buenos Aires yesterday as the country's opposition prepared to defy a Government ban by staging its first major demonstration against the Government since the 1976 military coup.

The demonstration, calling for a return to democracy and criticising the Government's economic policies, has been organised by the country's main trade union, the General Confederation of Labour (CGT).

The protest call is supported by all the other major unions, six human rights organisations, student groups, and the major political parties except for a wing of the Radical Party and the Movement for Integration and Development (Mid).

Further support for the demonstration was declared by Admiral Emilio Massera, a former member of the military junta and current leader of the Social Democrat Party. The party issued a special edition of its magazine Cambio urging "everybody to the plaza" on the front page.

La Prensa silenced

The editors of Nicaragua'a only independent daily newspaper, La Prensa, said it was not published on Monday because of excessive censorship, Reuter reports from Managua. It was the second time the newspaper had failed to appear since Nicaragua's Sandinist Government proclaimed a state of emergency on March 15.

Honduras denial

Honduras yesterday denied that it was responsible for any military activities in the neighbouring Central American state of Nicaragua, Reuter reports from Tegucigalpa.

Offer to miners

Chile's state-owned copper mine, El Teniente, has asked 3,000 workers to resign and offered them special compensation, a union spokesman said. Reuter reports from Rancagua.

U.S. boosts spending on chemical weaponry

U.S. evidence supporting its claims that the Soviet Union has used chemical weapons in Laos, Kampuchea and Afghanistan was presented to Nato earlier this week. *Stephanie Gray* looks at the background to Washington's case for chemical rearmament.

SPENDING ON chemical warfare in President Reagan's 1983 defence budget is set to jump by more than $200m to $705m (£390m). It is the first phase of a long-term $8bn U.S. programme of chemical rearmament that will be greeted in Europe with something less than enthusiasm.

The Defence Department insists its planned new weapons will be stocked only on U.S. soil but some allies could eventually face decisions on deployment or even co-production.

The potential for such weapons to cause further tension within Nato was apparently not lost on Mr Reagan. He announced his new policy, including the first production of nerve gas in 13 years, on budget day. For the first time since legislation designed to preclude secret production was introduced in 1975, the Administration was forced into public notification.

A weapons system based on toxic chemicals consists of four elements: the system to deliver the weapon, the munitions to spread the chemical agent, the agent itself, and the part played by the environment in spreading the chemical'a effecta.

Such arms are designed purely to harm people. They proved so lethally effective in the First World War that the threat of use in the Second provided a successful deterrent. In its plan to rearm, the U.S. is using the familiar "twin track" argument of negotiating reductions from a position of strength. The National Security Council launched the plan under the heading "complete verifiable ban on chemical weapons is U.S. goal."

Most Nato allies are signatories to the 1925 Geneva protocol prohibiting "the use in war of asphyxiating, poisonous and other gases, and all analagous liquids, materials or devices." But they interpret "in war" as first strike and they reserve the right to use nerve or other gases, including some bacteriololgical ones, in retaliation.

Nato's response: British army reservists in Nuclear Biological and Chemical suits

Behind the switch to chemical rearmament lie U.S. estimates of 100,000 fully trained, equipped and protected Soviet troops, at least 14 chemical weapons factories, and allegations of Soviet use of such arms in Kampuchea, Laos and Afghanistan. Washington is responding to what it aees as a "one-sided arms race" 10 years on.

Mr Max Kampelman, the chief U.S. delegate to the Madrid security conference, claimed recently that Soviet or Soviet-supplied pilots had rained down lethal agents on victims in these countries, who often died choking on their own blood an hour after contact. A UN mission is still investigating these claims of Soviet use of chemical weapons.

It is against this background that the Administration is seeking to rearm. Nevertheless, at $123m, the allocation planned for weapons production is vastly overshadowed by the $508m which will be spent by the U.S. on improving the defences of its armed forcea against chemical attack.

Defence, mostly in the form of adequate protection, is the traditional Nato response to the Soviet superiority. It also covers detection, decontamination and training. The remaining $70m would go towards dismantling aged and increasingly unstable US stocks.

The new "binary" weapons, which would be in production by 1984, contain components which are harmless until they combine on impact. Two new delivery systems, a 155m artillery shell containing GB nerve gas, and the Bigeye bomb, which would release the agent VX, are also planned.

The symptoms of a "lethal dose"—one that kills 50 per cent of the population—of almost undetectable GB or VX gas include drooling, vomiting, incontinence, confusion, coma, convulsions and, finally, asphyxia.

President Reagan's formal certification of renewed production followed Congress's aproval last July of funds for a binary weapons factory. Anticipating anti-U.S. feeling, however, it sought at the same time a country-by-country report on the official view of chemical weapons of the Nato allies. Whatever their reaction, it ia clear that the Reagan Administration has ben committed to a chemicals build-up since it took office and has trebled President Carter's already escalating budget.

The National Security Council insists, however, that there is no intention to match the Russians on a round-for-round basis or in types of weapons. Experts estimate present U.S. and Soviet stocks at 42,000 and 300,000 tons of chemicals respectively.

The U.S. holds this decisive Soviet military advantage partly to blame for the breakdown of bilateral negotiations un chemical weapuns control in 1980. The talks came unstuck over the question of mutual verification of the destruction and production of stocks.

Moscow has recently tried to restart the talks, claiming the U.S. was solely responsible for the break. While there is only the remotest chance that discussion between the two will resume, the issue is to be aired, on Britain's initiative, at the 40-nation UN Committee on Disarmament in Geneva.

Proposal to change development bank's loan system

BY PETER MONTAGNON IN CARTAGENA

BRAZIL, Mexico and Argentina have proposed a radical change in the system under which more wealthy developing countries cease to be eligible for loans from the Inter-American Development Bank.

The proposal was made at the development bank's annual meeting in Cartagena, Columbia.

Under the proposed system a developing country would remain eligible for such loans, but as its standard of living rose it would have to increase its paid-in capital with the development bank, from which it was borrowing.

The paid-in capital would act as a kind of compensatory balance, said Dr Carlos Langoni, the governor of Brazil's Central Bank. It would thus increase the effective cost of borrowing from institutions such as the World Bank and Inter-American Bank to the point where it would eventually make no financial sense to draw on these banks for funds.

The proposal, to be discussed in detail at the Inter-American Bank's forthcoming governors' committee meeting in Berlin io July. It is intended to take some of the emotional heat out of the graduation question, which Dr Langoni says "hangs like a sword of Damocles over our heads."

It is also intended to offer a means whereby the development banks can continue to increase their overall levels of lending for development.

"We are telling the U.S. that we are prepared to put additional convertible currencies into the banks if necessary and in return we are asking for the U.S. to support a real increase in the banks' lending programmes," Dr Langoni said.

The three countries are proposing jointly at the Cartagena meeting that the Inter-American Development Bank's lending should rise in nominal terms by 18 per cent over the four years starting in 1983, with total loans during the period amounting to $14.3bn (£7.9bn).

For the Inter-American Development Bank itself the proposed change would not be as radical as if it was taken up by the World Bank. The development bank has always expected borrower members to contribute more in convertible currencies as their standard of living rises.

The proposal has been made in the framework of tough discussions at committee level

Ecnador seeks $900m credits, Page 29

Dutch poised to pull out of gas deal

BY CHARLES BATCHELOR IN AMSTERDAM

THE NETHERLANDS looks set to pull out of the proposed gas deal between the Soviet Union and a group of West European countries after earlier announcing it had halved its requirement to only 2bn cu m of gas.

A credit package agreed after months of negotiations between Dutch banks and the Soviet Union expires today with no sign from Russia that it wishes to extendt it. Algemene Bank Nederlaod (ABN), the consortium leader, said yesterday.

The Dutch consortium agreed last year to provide Fl3bn (£630m) worth of credits to finance the supply of Dutch plant and equipment for the proposed 5,000 km gas pipeline from the Yamal peninsula in Siberia to Western Europe.

However, Dutch suppliers have so far failed to sign any orders for the delivery of equipment to the Russians.

With the Hague Gnvernment insisting it will not take Soviet Gas unless orders are placed with Dutch suppliers and the lapsing of the credit arrangement the Dutch seem set to withdraw from the project.

The initiative for prolonging the finance arrangement, which expired originally last December, but which was extended for three months, lay with the Soviet Union, an ABN official said. The Dutch see no reason to extend the deal if there is nn interest from the Soviet side, he added.

If contracts ere signed by Dutch companies which require financing, then a new agreement will have to be drawn up. Interest rates bave fallen in the Netherlands recently, but the Soviet negotiators are once again likely to seek favourable loan conditions which could delay any agreement.

The Netherlands, which is Western Europe's largest supplier of natural gas from its own sizeable reserves, has revised its policy of buying as much gas from outside sources as possible.

Demand for Dutch gas has fallen while the Government's tight budget position means it is reluctant to increase spending on gas it can supply from its own reserves.

The Dutch banks were ready to finance 85 per cent of deliveries at a 7.8 per cent rate of interest with the Russians paying the remaining 15 per cent in cash.

Repayments were to start in 1985 and he completed within eight years.

South Korean television venture in Portugal

BY DIANA SMITH IN LISBON

SAMSUNG ELECTRONICS of South Korea will begin manufacturing colour televisioo sets in association with a Portuguese partner this autumn.

This is the company's first venture ioto manufacturing in Europe, and means a $8.7m (£4.5m) investment.

Initial annual output will be about 20,000 sets, rising over five years to 150,000 sets. Eighty per cent of the output will be for export, to the EEC, Africa and the Middle East.

Samsung executives looked at other European countries, but decided Portugal waa ideal hecause of its location, reasonable labour costs and forthcoming EEC membership.

The Portuguese electronics company Emacee will hold 35 per cent of the capital of the new venture, and its existing factory at Alcoitan will become the television colour plant.

Marketing in the UK and part of the design responsibility will fall to a British concern, Product Resources, which will hold 10 per cent of the capital. Samsung will hold 55 per cent.

Portuguese-made content of the sets will increase gradually from 20 per cent to 80 per cent. The country already has some experience in colnur television manufacturing, with large Grundig and Philips operations.

Samsung sets fall into the lower price range and, with a growing Portuguese content, will qualify for sale in EEC countries as Portuguese and not South Korean goods.

Victor Walker reports from Greece on planned employment regulations

Protest storm by foreign companies

GREEK Government proposals to extend domestic employment regulations to all foreign companies could harm the country's role as a centre for Middle East business.

The main suggestion of the five-month-old Socialist Government of Mr Andreas Papandreou is that all offshore companies pay national health and pensions contributions for all their foreign personnel.

It is estimated that this measure would add 29 per cent to wage costs and has caused several large offshore operations to calculate that it would be cheaper for them to move to more advantageous locales, such as Cyprus. Some 1,250 companies would be affected by the proposals.

Another proposed amendmeot is that foreigners he subject to income tax under the same criteria applied to Greeks: these are designed to combat tax evasion.

Companies would also have to keep accounting books in Greek, pay customs duty on office equipment, and be less able to obtain residence permits for foreign household staff.

Today, 850 shipping companies based in Piraeus qualify for special offshore exemptions under Law 378 of 1968 and about 400 other concerns based in Athens under Law 89 of 1967. The 400 include banks such as Bank nf America and Citibank, multinationals such as Dow Chemical, Du Pont, Lockheed, Mobil Oil and Pepsi Cola and engineering companies like Archirrodon and Edok Eter.

Those under Law 89 are estimated to generate more than $250m in revenues for Greece each year to cover operating and other expenses.

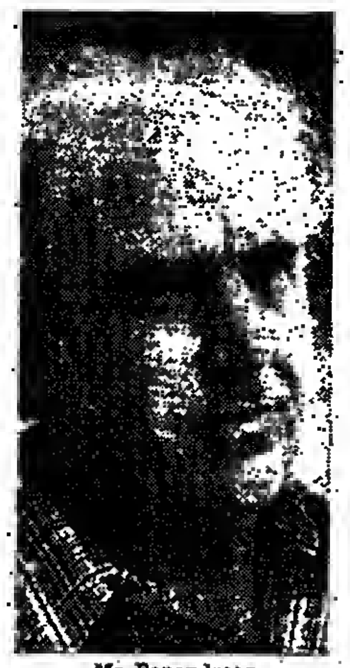
The proposals were circulated in recent weeks by the country's Co-ordination Ministry for comment by those concerns affected. They form part of a new draft bill on investment incentives which has been greeted with general scepticism. But the storm of protest by foreign companies and embassises appears to bave taken the Ministry by surprise.

The government's aim waa to ensure that only "serious" businesses work in Greece and to prevent abuse of the privileges it offers under the laws in question. The protests have caused it tn back down on demanda that companies' bank guarantees for "good behaviour" be raised from the current level of $5,000 to $100,000; the government is now suggesting a level of $50,000 (£26,315).

Officials are also quick to describe as a mistake their initial proposals that no company with Greek domestic operations could also work offshore — a move which would have hit, for instance, Bank of America.

The draft also raises the minimum foreign currency which offshore companies must generate to $50,000 per year for concerns with up to four employees, and a further $15,000 for each additional emplnyee.

Law 89 was enacted under the junta and helped Greece to woo a number of companies which had to flee strife-torn Beirut. The government is now considering the reactions it has received before presenting a final draft to Parliament in the next few days.



Mr Papandreou

Ferranti wins Brazil navy deal

By Andrew Whitley in Rio de Janerio

FERRANTI, the defence and electronics group, yesterday signed a £49m contract for the design and supply of weapons control systems for the Brazilian navy's new Corvette construction programme.

Four Corvettes of Brazilian design are to be built in Rio de Janeiro in the first phase of the navy's extensive modernisation and expansion programme. Present plans call for an eventual 12 Corvettes costing an estimated £550m.

The contract provides work for the next nine years for Ferranti's Bracknell factory and for 10 sub-contractors, including Plessey, who will supply the ships' radar, and Selenia of Italy who are to make the tracker radar.

It also lays the ground for Ferranti to win future orders for the remaining eight Corvettes once the Brazilian Government gives the go-ahead.

Financing is being arranged under the terms of the Brazil-UK Government protocol of last October in which Lloyds Bank International has the leading role. ECGD buyer credits represent 85 per cent of the overall contract value with the balance coming in the form of a syndicated Eurodollar loan.

Yesterday's signing ceremony in Rio marked the first firm conclusion of contracts for British industry agreed in principle when the $1.2bn finance package was arranged in London last year.

Vickers and Racal-Decca, who are providing the warships' guns and electronic warfare systems, hope to sign their own, associated contracts with the Brazilian Navy during April, before the ECGD credit offer expires at the end of the month.

A major feature of the Ferranti contract is the transfer of technology new to Brazil to local industry. The proportion of local content in the equipment to be delivered to the navy is expected to rise from an initial 40 per cent to a final 90 per cent by value.

Sistemas Ferranti do Brasil, in which Ferranti has a 49 per cent holding and a Brazilian private company, Mayrink Veiga, has the majority, will co-ordinate sub-contracting of work to other local companies.

The equipment for the Corvettes will be based around Ferranti FM-1600E compnters.

Japan agrees to peg car exports to U.S. at last year's levels

BY REGINALD DALE IN WASHINGTON AND RICHARD HANSON IN TOKYO

JAPAN HAS responded to U.S. demands to restrain its car exports by agreeing to peg levels this year at 1.68m units, the same as last year.

Tokyo's Ministry of International Trade and Industry said shipments in the fiscal year beginning April 1 will he the same as 1981, the first year of the bilateral car export restraint plan.

Exports under the plan would have been allowed to rise if overall demand in the U.S. for cars, both domestically produced and imports, improved. This haa not been the case.

Mr William Brock, the U.S. Trade Representative, welcomed the Japanese announcement, saying Tokyo had "acted responsibly" in the light of the continuing difficulties experienced by the U.S. motor industry.

In the fiscal year just ending, U.S. car sales fell to about 8.3m units, compared with an original forecast of 9.5 to 10m units.

In holding to the same level, Japan is foregoing the right under the agreement to take a 16.5 per cent share of this year's U.S. market.

Despite the weak market in 1981, sales are expected to climb slightly to 9m units this year. Last year's import share was 27.2 per cent of the market.

Mr Brock said he hoped Japan's decision would "provide significant benefit to the U.S. auto industry's recovery."

Trade officials in Washington said that Japan's decision was unilateral and was not the result of negotiations between the two Governments.

Iran threatens to stop buying Brazilian sugar

By James Dorsey in Kuwait

IRAN has threatened to stop buying $600m (£315m) worth of Brazilian sugar a year unless Brazil agrees to buy an equivalent amount of Iranian oil, according to Dr Ali Shams Ardakani, Iran's ambassador to Kuwait.

Dr Ardakani, an associate of Mr Mohammed Gharazi, the Iranian Oil Minister, and a member of Iran's delegation to the Organisation of Petroleum Exporting Countries (Opec), denied reports that Iran was offering Brazil a shipment of 300,000 barrels daily for three years at $27 a barrel.

Price tag

But he explained that Iran haa told Brazil that the price tag on both sugar and oil should agree with international market prices.

Iran has agreed, however, to make calculations in local currency, taking the dollar interest rate into account.

"It is a barter agreement which reckons international price fluctuations," Dr Ardakani said.

Western nil experts doubt whether Brazil will accept the Iranian terms. They say that Brazil maintains close economic relations with Iraq. Brazil is involved in Iraq's nuclear reactor project and in a joint venture for the exploration of oil.

Chevron in £15m Indian investment

By K. K. Sharma in New Delhi

CHEVRON Overseas Corporation of California, the first foreign oil company to be awarded a contract for offshore exploration on India's continental shelf since bids were invited last year, has agreed to make an initial investment of $29m (£15.2m) to drill three wells in the first three years.

If Chevron decides to continue drilling for two more years, it will invest another $18m.

Announcing this to Parliament yesterday, Mr P. Ahiv Shankar, India's Minister of Petroleum, said that under an agreement signed last Friday, Chevron had agreed to sell its share of oil to the government until India achieved self-sufficiency in crude.

South African turbine order secured

By Our Correspondent in Muhlheim

KWU yesterday signed contracts in South Africa for the delivery of six 600 MW turbine generator sets worth more than DM 900m (£214m).

At the same time, the West German power station builder has completed a nuclear technology transfer agreement with General Electric in the U.S.

The South African order, won against international competition, was placed by Escom, the South African Electricity Supply Commission, as part of a 3,600 MW coal fired power station to be built at Kutala in the centre of the country's coal producing region 100 km south-east of Pretoria.

The first of the 600 MW power station blocks is due to be commissioned in 1987 with the other five blocks following at annual intervals.

The Kutala turbine contract is the last of a series of boiler and turbine orders totalling nearly R4bn placed by Escom over the last two years for four large coal fired power stations. Boilers for the Kutala plant will be supplied by Combustion Engineering of the U.S.

The financing of the KWU deal will be carried out chiefly through supplier credits put together by a West German banking consortium.

Including the South African contract, KWU has won orders worth around DM 2.5bn in the last six months and it expects total orders of some DM 5.5bn in the current financial year.

The partnership agreement with General Electric will run to 1995 and replaces the original licensing deal agreed in 1964—and due to run out this year—which at that time gave AEG-Telefunken, formerly 50 per cent owner of KWU, access to GE's boiling water reactor technology.

The co-operation package covers the two-way transfer of technical information in the areas of boiling water reactor technology, the manufacturing of nuclear fuel rods and reactor servicing.

Further £15m to be invested in biotechnology

BY DAVID FISHLOCK, SCIENCE EDITOR

AN EXTRA £15m investment in biotechnology over the next five years has been approved by the board of the British Technology Group.

The chief conditions are that suitable commercial proposals are forthcoming, and that the Government's investment is matched by a similar sum from the private sector.

The investment will be on top of a BTG commitment of about £13m in more than 40 British biotechnology ventures. These range from academic research projects to strategic investments, with such partners as Prudential Assurance and Ranks Hovis McDougall.

The next major biotechnology venture by BTG is expected to be an agricultural counterpart to Celltech, its joint venture with four City institutions. This "country cousin" of Celltech is expected to be announced later this summer.

Since farming and forestry are structured quite differently from the health-care industry, for which Celltech is catering, the new company is expected to use pieces gleaned from the Celltech experience rather than try to repeat the same recipe.

In its first year, Celltech accomplished the major task of transferring the technology of monoclonal antibodies from the universities to its own laboratories at Slough.

Celltech has just set up a division specialising in making and marketing monoclonal antibodies as aids to diagnosing diseases, in pursuit of a world market estimated at £250m by 1985. Most of the £15m is earmarked for small biotechnology, in which companies will be making specialised products of high value.

Anober substantial investment seems likely in RHM's new food mycoprotein. BTG believes mycoprotein can find a big market, not as a meat-substitute but as preminm-grade protein analogous to natural fungal protein products auch as mushrooms and truffles.

Feature, Page 23

'Strikes will increase as economy improves'

By Arthur Smith, Midlands Correspondent

THE FALL in industrial disputes and wage levels will be reversed once the economy improves, the Birmingham Chamber of Commerce bas warned.

Mr John Black, the president, said some satisfaction could be derived from the relatively low number of major disputes. This was a direct reflection of recession and the "unacceptable high level of unemployment.

"Let no one be under any illusions that this will remaio once the economy accelerates," be said. The unions, as before, would see their main objective as securing a larger propertional share of profits.

Mr Black said unemployment was a major social problem. "Despite assurances from the Government that crime and the city riots of last year are not related to unemployment, I believe the opposite view obtained."

The Birmingham chamber was making its contribution to creating job opportunities through the inner city partnership project in association with local authorities and Government departments.

Companies that carry the can for overcapacity

Maurice Samuelson looks at problems facing the drink-packaging industry and its fight for fitness

SIX MONTHS ago, the five companies which make beverage cans in Britain launched a joint publicity campaign to boost their product in the face of tough competition from rival containers.

The five are Metal Box, Britain's leading packaging company, and its four North American-based rivals — American Can, Continental Can, Crown Cork and Nacanco. Today the American quartet are wondering how long they will all maintain a presence in Britain.

The common concern of all five has been the sustained challenge from glass and the increasingly popular rigid plastic bottles (PET). Now they are also facing overcapacity within their own industry after a decade of excessive investment in new UK production lines.

Operation

None of the U.S. rivals to Metal Box is on the brink of withdrawing, but at least one of them thinks this could become a possibility next year unless there is a dramatic recovery in the industry.

Hence, the race for a lean and fit operation reflected in cuts and closures such as those announced last Friday by Metal Box. The company is closing a relatively new beverage can plant which employs 300 people at Westhoughton, near Bolton. It is also closing a central heating radiator factory at Monmouth, employing 370, and its three-piece food can line at Leicester, employing 500.

The Westhoughton plant employs fewer people than the other two, but its closure is in some ways more significant.

Much of the overcapacity in the drinks can sector stems from the introduction to Britain of the two-piece can, which is lighter, cheaper and more attractive than the old three-piece variety.

The closure at Westhoughton showa that the painful process of rationalisation bas also caught up with a plant based on new technology. It was the first full production line for two-piece beveraga cans established in Britain a decade ago and the first of its kiod (apart from a smaller pilot plant) to ba closed.

As a first-generation two-piece can line it is less efficient than some of those introduced in the past two years. Nevertheless, its closure after about a decade would probably have beeo avoided had it not been for the industry's huge overcapacity.

Metal Box believes the UK's overcapacity in beverage cans in the past year was only about 25 per cent snd that Westhoughton's closure reduces it to about 10 per cent.

But this is startlingly different from the 60 to 70 per cent over-capacity estimated elsewhere in the industry. Mr Paul Knocker, marketing director of Continental Can, which recently opened its first UK drinks can factory, believes over-capacity last year was 100 per cent and is now down to 70 per cent.

He could not measure the effect of the closure of Westhoughton, but said it was good news for the industry as a whole.

In 1982, the five UK manufacturers are expected to supply 2.7bn beverage cans, 1.5bn of them for beer and the rest for soft drinks.

Too long

Continental, the world's leading packaging company, claims that it had seized more than a sixth of last year'a UK market by supplying 490m cans, compared with Metal Box'a 835m; Nacanco'a 837m; American Can's 425m; and Crown Cork's 130m.

Continental, whose headquarters are at Stanford, Connecticut, came into Britain after the termination of its long-standing territorial agreement with Metal Box. This spurred Continental's entry into Western Europe, enabling Metal Box to open up in the U.S.

Mr Knocker, himself a former Metal Box man, partly blames his old company for the present "trauma" in the UK can industry. He saya Metal Box held on for too long to old technology and kept is prices high. Customers had been paying a premium for two-piece cans instead of obtaining tbem more cheaply, he said. UK can prices bad been 40 per cent higher than in the U.S. and West Germany.

Nevertheless, he agrees there bas been excessive investment in Britain by American-based companies, hoping to break up Metal Box's UK-based empire, and that somc were now reviewing tbe wisdom of their decision.

Mr Knocker says Continental's £24m investment at Wrexham, Clywd, is proving successful and would "more than break even" in 1982 with an anticipated turnover of some £20m. This follows "significant losses" last year.

Metal Box is Continental's chief opponent on the European mainland, but Continental now sees American Can, its chief U.S. rival, as its most immediate competitor in the UK. American Can has a highly efficieot two-piece can factory at Runcorn, Cheshire, and a three-piece line at Milton Keynes.

Some of the toughest competition over the next couple of years will centre on major contracts due for renewal. Nacanco has a seven-year contract to supply 240m cans a year for Coca-Cola. The contract, for which other companies are already wetting their lips, is due to be renegotiated in 1984. It is not clear wbether Coca Cola in the UK will again offer sucb a long contract to a single canmaker. In the same year, an important can contract with Bass is due for renegotiation.

Coca-Cola is also an emotive subject amoog UK can-makers following last year's import of abont 100m filled cans from West Germany (where they were made by a subsidiary of Continental).

Reluctant

They were being sold there for about 11p each compared with a UK shelf price of about 20p. Mr Knocker says this is because UK filling and distribution costs are three times higher than in West Germany.

The other major change in UK can-making is the steady switch from tin-plated steel to aluminium. Half the cans made here this year are expected to be aluminium, compared with only 12 per cent in 1979.

Most companies nse both tin plate and aluminium and are, therefore, reluctant to start an internecine war based on these materials' respective advantages.

Nevertheless, the trend to aluminium is unmistakable, with implications far beyond the packaging industry.

Manchester Steel gets £¾m boost

By Nick Garnett, Northern Correspondent

MANCHESTER STEEL, a subsidiary of Elkem, the Norwegian metal manufacturers, announced yesterday a £500,000 programme to increase capacity and improve quality at its Bidston plant on Merseyside. A further £250,000 is to be spent on [illegible] to Bidston's electrical system.

Manchester Steel was set up seven years ago by Elkem and purchased Bidston Steel, which makes steel billets and reinforcing bars, in 1979. It did sn largely because it needed a second furnace and the EEC required it to buy an existing one.

Elkem's UK subsidiary believed last year that an upturn in the third and fourth quarters represented a sustained trend of higher demand. As a result it introduced an extra shift at the Manchester melting shop.

In the first three months of this year the upturn has petered out, an experience similar to that of other steelmakers. Elkem says that it will retain the extra men brought into the melting shop.

The company, which employs 800 on its Bidston and Manchester sites, has introduced a range of cost saving measures.

£1m coil spring investment

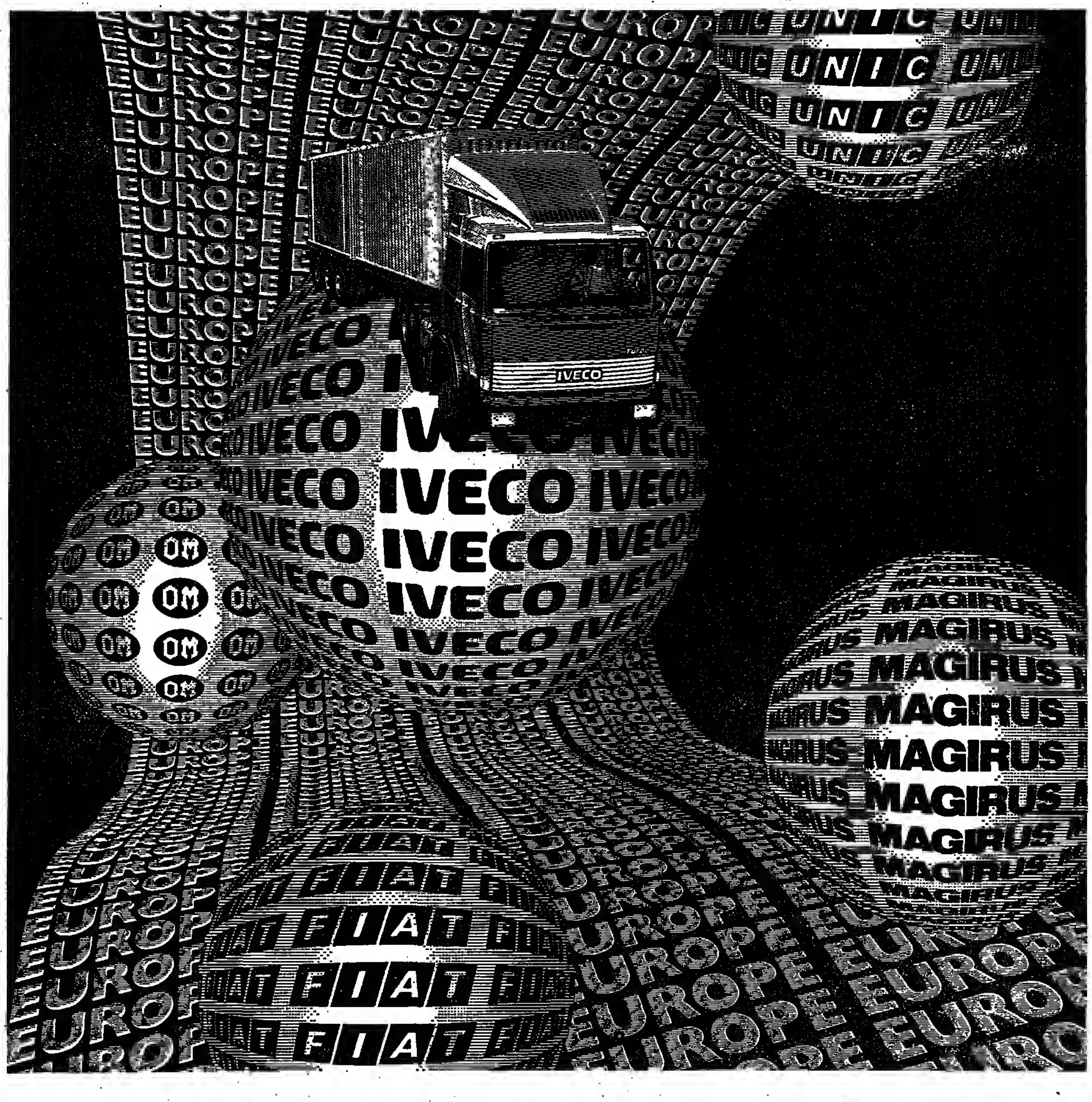
By Robin Reeves, Welsh Correspondent

BRAMBER ENGINEERING, the vehicle spring manufacturing subsidiary of the Stephenson Blake (Holdings) Gronp, is to invest more than £1m in modernising and expanding the coil spring production facilities at its Rhondda headquarters in South Wales.

Demand for coil springs in motor vehicles is set to grow by about 20 per cent in the next three years, Mr Gerald Long, Bramber's general manager said. The company expects a growth in their use in cars at the expense of hydrogas and other suspension systems.

It also foresees increased use of coil springs for the front suspension of commercial vans—in preference to the traditional multileaf and taper leaf spring front suspension.

The investment programme is designed to replace Bramber's semi-automatic, relatively labour intensive, coil manufacturing facility with a microprocessor-controlled production line, capable of automatically processing coil springs of varying specification from the raw steel stage through to the finished painted product.



Barclays set to launch premium Visa credit card

BY WILLIAM HALL, BANKING CORRESPONDENT

BARCLAYS BANK will follow Lloyds and Midland into the premium credit card market. It plans to launch its own premium Visa card in the autumn.

The move is designed to improve service tothose wealthy clients bankers describe as "high net worth individuals."

About a year ago Lloyds Bank said that it was linking with American Express to launch a sterling "gold card."

The bank has issued over 20,000 cards, and is issuing 700 new cards a week. In November Midland Bank announced a deal with Mastercard to market a similar product in the UK from the second quarter of this year.

Premium cards differ from traditional credit cards in offering much higher spending limits, very sizeable overdrafts facilities and s host of other services, such as travel insurance.

Many UK bankers initially dismissed the gold premium cards as a gimmick, but have changed their minds as they witnessed the success of Lloyds Bank's venture with with Amex.

Mr Bob Amos, assistant chief general manager of Lloyds Bank, said recently that well over half the new cards issued were to new customers of the bank. The cards were aimed at people with salaries of over £20,000 a year.

The premium card is seen as an ideal marketing tool with which to tap this segment of the population, which is among the banks' best customers.

They keep higher than average credit balances, are good quality borrowers and use many other fee-earning services. Many occupy influential positions in the community and can introdure further business to the bank.

As 80 per cent of bank customers never change their banks, the premium cards are regarded as a good marketing ploy to win customers away from other banks.

Lloyds revealed just before Christmas that less than half of its premium cards were issued to its own customers.

Some 17 per cent had been taken by Barclays' customers, the same proportion went to National Westminster, and 11 per cent to Midland customers.

Barclays has given few details of its premium card. It will offer cash advances at more than 100,000 financial institutions and selected airlines and hotels throughout the world.

It will guarantee reservations at international hotels and offer travel insurance at no extra cost up to £75,000.

It has not disclosed how much the card will cost or what overdraft facilities it will offer.

Lloyds and Midland both charge £40 a year. Lloyds offers a guaranteed minimum overdraft facility of £6,000 at 2½ per cent spread over base rate. Midland a minimum of £7,500 at similar interest rates.

£20m aid for small engineering companies

By Tim Dickson

DETAILS of a £20m Government grant scheme to encourage small engineering companies to invest in high-technology machine tools, were announced yesterday.

Under the Small Engineering Firms Investment Scheme (Safis), first mentioned in the Chancellor's Budget speech, companies employing fewer than 200 people will be able to recover a third of the cost of some new capital equipment.

Only machines costing more than £15,000 will qualify for the grant. An upper limit of two machines costing £200,000 in total bas been set.

Mr John MacGregor, the Industry Minister with special responsibility for small firms, said yesterday be has been "struck over the last 12 months by the number of engineering businesses that have not invested in modern equipment in good years and which now lack the resources, during the world recession, to do so."

He added: "I bave been told very often by small firms that they knew they had to invest in the latest high technology products, if they were to compete successfully in tha 1980s."

In spite of the substantial tax incentives available through capital allowances, he added, many companies are not making enough profit to take advantage of these allowances.

Mr MacGregor stressed that the scheme waa designed "with the minimum amount of red tape possible." The size of the grant, be said, was "higher than many others" and he hoped there would ba "an enthusiastic take up of the funds available."

Applications can be made up to March 31 1983 but tha £20m will be handed out on a "first come, first served." basis.

Financial assistance under the scheme will be provided for investment in stationary metal-working machine tools, either sequence-controlled or Computer-numerically controlled; non-robotic welding machinery; physico-chemical machine tools; metal working machinery incorporating lasers or plasma; and metrology equipment.

Tooling and acessory costs and Installation and commissioning costs will be included up to 10 per cent of the cost of each machine.

The scheme will supplement regional development grants which amount to 22 per cent of the capital cost in Special Development Areas (SDAs) and 15 per cent in Development Areas (DAs). This means that 48 per cent of the cost of qualifying equipment will effectively be paid by the Government in SDAs. Almost 90 per cent is recoverable thanks to the system of capital allowances if companies using the scheme in these areas are paying corporation tax at tho full rate of 52 per cent.

The 4,000-strong Engineering Industries Association, which has been pushing for this sort of initiative, has welcomed the scheme. Its only reservation was that the £15,000 minimum "may be too high."

Other conditions of the scheme are that equipment qualifying for the grant must be delivered by March 31 1985. The last date for final claims for payment is September 30 1985. The grant, meanwhile, is payable when the Industry Department receives a statement of expenditure by the applicant and corroboration from an independent accountant.

Application forms can be obtained from the Industry Department, West Midlands Regional Office, Ladywood House, Stephenson Street, Birmingham B2 4DT. Tel: 021-632 4111.

Nippon Electric plans UK microchip plant

BY RICHARD HANSON IN TOKYO AND GUY DE JONQUIERES IN LONDON

NIPPON ELECTRIC, one of Japan's largest semiconductor manufacturers, plans to start mass production in Scotland this autumn of 64-K Random Access Memories, the most advanced type of microchip memory being manufactured in volume.

It said in Tokyo that 64-K RAMs would account for about half the initial output from the plant it is building at Livingston, near Edinburgh. Starting in October, it plans to produce about 300,000 of the devices a month.

At first the Livingston plant will only assemble and test the memories using silicon chips flown from Japan. The company plans eventually to instal equipment to perform the complete manufacturing process.

Hitachi, believed to be the world leader in the 64-K RAM market, has also announced plans to start assembling them in volume later this year st a factory near Munich.

These moves are apparently intended both to maet the growing demand in Europe for the components and to avert a worsening of the trade problems caused by American resentment at Japanese industry's domination of the 64-K RAM market.

Japsnese companies have captured sbout two-thirds of the market since 64-K RAMs went on sale early last year. The devices, which sell for about $5 each in Europe, can store more than 65,000 pieces of information and are in increasing demand in the computer and electronics industries.

So far only two U.S. companies, Texss Instruments and Motorola, are mass-producing 64-K RAMs. Motorola plans to start European mass production at its plant at East Kilbride, Scotland, soon. Texas Instruments is still making them only in the U.S. and at a plant in Japan.

The only European-owned company in the market is Siemens of West Germany which also expects to enter volume manufscturing this year. Inmos, Britain's state-backed microchip venture, has been making 64-K RAMs in sample quantities at its factory in Colorado in the U.S.

A number of American manufacturers bsve experienced serious difficulty in mastering the microscopic manufacturing techniques required to make the devices, and some have been pressing for trade measures to halt imports from Japan.

Insurance case 'should be tried in Kuwait'

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THERE was no reason to doubt the competence of a Kuwaiti judge to try a dispute over a marine insurance policy, a Commercial Court judge said yesterday.

Mr Justice Bingham ruled that Kuwait and not the UK was the proper place for tha trial of the dispute between Amin Rasheed Shipping Corporation, a Liberian company and part of a shipping group based in Dubai, and Kuwait Insuranca Company.

He set aside an order giving Rasheed leave to serve English court proceedings on KIC in Kuwait.

The dispute concerned a cargo ship owned by Rasheed that was insured by KIC. The vessel was seized in a Saudi Arabian port, the Saudis apparently believing, said the judge, that its master was smuggling diesel oil from Saudi Arabia to the United Arab Emirates.

Neither Resheed nor KIC bad felt it prudent to go to Saudi Arabia to investigata the matter. Rasheed gave notice of abandonment, on the ground that the vessel was a constructive total loss; KIC rejected the notice; Rsheed began legal action.

The judge said that Rasheed argued that the form of the insurance contract, the wording of which closely followed the standard Lloyd's SG policy, indicated thst it was intended to be governed by English law.

The ship owner also pointed out thst, when the contract was signed in 1979, there had been no developed law of maritime insurance in Kuwait.

The judge said that the fact that the Lloyd's form had achieved a world-wide currency, and become part of the *lingua franca* of international marine insurance, did not mean that those who used it subjected themselves to English law.

In the past 30 years the wealth and standing of Kuwait bad been greatly enbanced by the exploitation of its oil resources, snd it bsd been called upon to provide itself with laws appropriate to its new role as an important financial and commercial centre.

Although there had been no marine insurance lsw there until August 1980, since 1961 there had been the Kuwaiti Commercial Code, which covered the whole field of contract.

Even without that, Mr Justice Bingham had no doubt thst a Kuwaiti judge could go to Egyptian, French or English lsw for assistance in correctly interpreting the insurance contract.

A Kuwaiti judge would also be more familiar than the English courts with trading practices in the Gulf and much better able to analyse and assess evidence of wbat had happened in Saudi Arabia, the judge added.

Government may sell its computer design centre

BY GUY DE JONQUIERES

THE INDUSTRY Department may sell to private investors its Computer Aided Design Centre (Cadcentre) in Cambridge, the leading organisation of its kind in Britain.

The centre, which was set up in 1969, specialises in the application of computer techniques to industrial design, manufacturing and testing. It has developed a number of systems which arebeing marketed in the UK and overseas, and its 150 staff provide a wide range of consultancy services.

Its annual budget is about £4m, half of which comes from its commercial activities and half from the Industry Department.

Mr Kenneth Baker, the Department's Minister for Information Technology, said yesterday it was the Cadcentre became a fully commercial organisation. He had launched an investigation to determine bow this could be best achieved.

He wanted to keep the centre's staff intact and to preserve its links with British companies which supplied it and used its services. He invited these companies to tell him their views of the centre's future.

The investigation will be carried out initially by Department officials. They are expected to examine a variety of options for disposing of the centre, including an agreed sale to one or more British companies and a stock market flotation.

Mr Baker noted that ICL, Britain's largest computer manufacturer, had provided the centre with a number of staff over the years. ICL also markets some of the centre's products, as do BOC, Ferranti and Kongsberg.

New statutory offences proposed for race riots

BY BELINDA NENK

PROPOSCALS TO create new statutory offences for dealing with race riots, football hooliganism and pub brawls were put forward by the Law Commission yesterday.

Riot, unlawful assembly and affray are at present common law crimes, poorly defined and encumbered with technicalities. The Law Commission, a legal watchdog which monitors the law and recommends changes, would like to see them replaced by well-defined statutory offences with penalties kept within stated limits.

The Law Commission proposes that the test for all three offences should be the degree of violence. Only conduct so violent that it would put a reasonable person in fear of his safety would qualify as an offence.

Under the proposals, riot—currently a little used offence—would be defined as three or more people gathered in public or private and engaged in unlswful violent conduct. The suggested maximum penalty would be 14 years imprisonment and a fine.

Unlawful assembly should be defined as baving occurred when three or more people in public or private engage in conduct which either involves violence, threats or displays of violence, or which has the object of provoking others to violence by abusive or insulting behaviour. The suggested maximum penalty would be five years and a fine.

The Commission suggests a maximum penalty of ten years and a fine for affray—fighting or violence to one or more persons.

The proposals will be considered by a variety of legal and other interested organisations. The National Council for Civil Liberties bas already condemned the proposals as "sweeping, arbitrary and unclear."

ACC perks allegations 'too generalised"

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

GENERALISED allegations about "perks" having been provided for directors of Associated Communications Corporation out of company funds were ordered by a High Court judge yesterday to be removed from the petition by institutional shareholders of ACC who are trying to block the record £560,000 golden handshake to Mr Jack Gill, formerly Lord Grade's deputy at ACC.

Mr Justice Mervyn Davies said the amended petition by Possfund—the Post Office staff pension fund—and other institutions bolding ACC non-voting shares contained a great number of specific allegations of breaches of duty against ACC's directors.

It was objectionable to try to add generalised allegations that ACC would hsve difficulty in dealing with.

Unless the petition were made reasonably clear, ACC, its subsidiary, Bentray Investments, and Mr Gill would be uncertain what case they hsd to answer, the judge said.

He ordered two sentences to be deleted from the amended petition, and made other, more minor, excisions.

The petitioners were given leave to appeal.

One of tho deleted sentences stated that the petitioners were unable to give more particulars of alleged breaches of duty by Mr Gill, except that they included the procuring by him, acting by himself or with the concurrence of other directors, of "unjustified and/or unreasonable and/or unauthorised perquisites and/or other benefits to be forthcoming from the . . . company . . . for the benefit of himself and/or other directors. . . ."

The other sentence referred to the alleged use of ACC funds and resources "in the provision (often without due authorisation) of personal benefits, advantages and perquisites for some of the directors . . . (including Lord Grade and Mr Gill) on a scale which was wholly unjustified from the point of view of the general body of the members of the company."

Mr Richard Sykes, QC, for ACC, had objected to those sentences because of their breadth and lack of particularity which, he said, made them embarrassing, in the legal sense of being difficult or impossibla to deal with.

He did not object to the actual allegations being made, provided they were identified by specific instances.

"I can't deal with an amorphous mass. I must know what the case is that I bave to meet," he said.

Earlier, Mr Willism Stubbs, QC, for the petitioners, urged the judge to allow all of the amendments to go through.

He quoted evidence in which Mr Gill stated that there had been a practice in ACC of delegating to the chairman and chief executive the fixing of emoluments of non-exectiuve directors and senior executives, without reference to the board—a practice, said Mr Gill, followed by Lord Grade and his predecesors as chairman.

The same practice had spplied to perks snd other benefits, Mr Gill's evidence went on. "The company paid out enormous sums of money to various persons, and Lord Grade's view was alwsys that be did not like to discuss these matters in the boardroom."

It was a matter of the highest principle and importance for the petitioners, who included some of the largest institutional sbareholders in the UK.

"They wish to establish that there are limits to the way in which listed companies can be run for the benefit of members of the board," said Mr Stubbs.

Mr Jack Gill is understood to bave been in talks with a video company. The negotiations are still in progress on terms of employment but an invitation has been extended to him to join the Board.

Government attacked on life company regulations

By Eric Short

THE GOVERNMENT has been severely criticised by a leading Scottish life company for adopting Continental practicea in determining the solvency of life companies.

Under regulstions made last December, life companies will bsve to show from April 1984, thst their assets exceed their liabilities by at least 4 per cent of their reserves plus three per thousand of the capital at risk.

The British practice is for the life compsny actuary to show that sssets exceed liabilities. Tha solvency margins required are left to the professional judgment of tha actuary.

Mr Jim Eddison, chairman of Scottish Life Assurance Company, in his statement accompanying the 1981 report and sccounts, attacks this basis as unscientific. He is also concerned that it could lead to a government interfering with other functions of a life company, such as premium rating and policy conditions.

BCal £2m deal

BRITISH CALEDONIAN is leasing for four years the four One-Eleven Series 300 twin-jet airliners formerly owned by Laker Airways, which collapsed esrly in February.

The deal, costing £2m, has been arranged with Nordic Finsnce, creditors of Laker Airways.

Alitalia, the Italian airline, will introduce a Business Class in place of first-class on short-haul European routes from April 1.

Award for FT writer

DAVID FISHLOCK, science editor of the Financial Times, yesterday won the Chemical Writer of the Year award for his series of articles on biotechnology.

Mr Fishlock was presented with a cheque for £1,000 by Mr Kenneth Baker, Industry and Information Technology Minister, at a lunch in London. The awards are sponsored by BASF, the German-based chemicals group.

RAC call-outs rise

THE RAC was called out to 855,000 breakdowns last year, a rise of 8 per cent over 1980. The total could go much higher this year because rising costs are forcing motorists to skimp servicing, Mr John Gillmore, director of the Club's member services, said yesterday.

Receivers group

A GROUP of chartered accountants has launched a body to represent members of the profession working as receivers and liquidators. The Professional Accountants Insolvency Association is intended by its founders to rival the Insolvency Practitioners Association.

Mill to close

TAYLOR AND HARTLEY Fabrics, part of the Bodycote International Group, is to close its Devron Mill at Great Harwood, Lancs, with the loss of 115 jobs. The mill will "weave out" by June 25.

Furniture boost

THE CUT in mortgage rates should start to bring about an improvement in furniture sales in the next few months, according to Mr Roy Bousfield, vice-chairman of Associated Dairies group, which owns Allied Carpets and Wades Furnishing.

£250,000 on ice

THORNTONS, the continental chocolate manufacturer, which sells confectionery worth £16m each year, is to spend £250,000 on a new ice cream factory at Belper, Derbyshire.

Imps lifts prices

IMPERIAL TOBACCO will increase the price of its cigarette brands by 5p for 20 from April 19.

Medicines Act 'may be costing £85m a year'

BY GARETH GRIFFITHS

REGULATIONS under the 1968 Medicines Act could cost the UK between £30m and £85m a year (1981 prices) in increased manufacturing costs and delays of two years in launching new products, claims a study published today by the Office of Health Economics.

The Act covers the licensing of drugs by the Department of Health and Social Security and provides a system of inspection and monitoring. The OHE (funded by the pharmaceutical industry) says more than 1,000 staff are required to administer the Act and it can take up to a year to handle licence applications.

The report's authors, Mr Keith Hartley and Mr Alan Maynard of York University, argue that among a range of alternatives the UK could try the U.S. system of regulatory legislation. Self-regulation by the pharamaceutical industry could also be tried.

The report claims that there is no evidence that the 1968 Medicines Act has made drugs safer.

● The DHSS is sending out application forms today to more than 200 sterile products manufacturers to draw up a list of approved suppliers.

A DHSS guide to good manufacturing practice for sterile medical devices and surgical products is now available. Health authorities have been advised to consult the guide before buying from manufacturers on the approved list.

Overseas companies are listed as the UK imports virtually all of its high-technology sterile equipment. Measures include voluntary inspection for manufacturers by the DHSS.

The NHS Supply Council, established last year, will use the new codes to reform the highly-fragmented health authority purchasing system.

The Costs and Benefits of Regulating New Product Development in the UK Pharmaceutical Industry. Office of Health Economics, 12, Whitehall, London SW1. Price £5.

CBI president calls for campaign to back EEC

BY NICK GARNETT, NORTHERN CORRESPONDENT

SIR RAYMOND PENNOCK, CBI president, yesterday called on companies to mount a campaign among their workers to explain what EEC membership meant to their own investment and trading performance.

Pulling Britain out of the Community would throw thousands out of work and this message had to be delivered to the British public, Sir Raymond told the annual dinner of the CBI's Yorkshire and Humberside region in Leeds.

"We have got to get all these facts across to our employees," he said. "It is up to each one of us to tell them just what membership of the EEC means to the companies in which they work. We must combat both prejudice and lack of understanding."

A survey published yesterday by Opinion Research and Communication showed that only two out of 10 of those questioned thought Britain had benefited from being in the Community. Almost half thought it had suffered. A third were in favour of Britain pulling out of the EEC now.

Sir Raymond said: "The facts are that nearly half our exports go to the European Community and our trade with Europe, directly and indirectly, affects the jobs of some 2.5m people.

"Many of these jobs will be put at risk if we seek to turn back the clock by pulling out."

Judge rules for BL in exhaust copyright action

FINANCIAL TIMES REPORTER

BRITISH LEYLAND, fighting to protect its Unipart spares division from unlicensed competition, yesterday won most of its High Court copyright action against Armstrong Patents over car exhaust assemblies.

Mr Justice Foster decided eight of nine issues in BL's favour but he wanted further argument on the one remaining issue — the possible defence in EEC law which might be open to Armstrong under the Treaty of Rome.

Both sides wanted time to consider fully the Judge's rulings—which are likely to be of major importance to the motor trade — before considering any appeal.

In the action, which took 48 days in court, BL sought an injunction banning Armstrong from allegedly infringing BL's copyright in drawings for exhaust assemblies of the Mini, Maxi, Marina, Allegro and Princess.

The Judge said the market in replacement car parts had grown apace and exceeded £800m a year for BL cars alone.

There was a considerable difference between parts considered "fast-moving" and "slow-moving" on the after-sales market. Those who made and sold replacement parts were not interested in slow-moving parts, while car manufacturers had to maintain a full stock of spares for all of their vehicles for 10 years.

The exhaust system of a new car was unlikely to last more than two years. "For this reason BL has chosen the exhaust system to attack first because it is the most profitable part on the after-market," the Judge said.

Armstrong, whose headquarters are at Melton, North Humberside, for many years bad supplied parts and exhaust systems to BL for new cars. But it was now selling exhausts on the after-sales market without BL's permission.

BL was prepared to license manufacturers to make and sell replacement BL parts for 15 years for a 7 per cent royalty.

The action is the first to come to trial against an allegedly unlicensed after-market manufacturer.

Driving forces behind Ford's cut-price coup

Kenneth Gooding explains why the major British carmaker has reduced its list prices

Ford of Britain got its car marketing strategy all wrong in the first quarter of this year but has staged a major publicity coup by announcing cuts in its recommended prices on most models from tomorrow.

This was the verdict of the rest of the motor industry to Ford's move and it seems unlikely that price cuts by any of its rivals will follow. The only possible exception to this will be some harder-pressed Continental companies.

BL said yesterday that, having bad the chance to digest the Ford changes, it certainly would not take similar action. "The big-selling Ford cars, like the Escort 1.3 litre, bave hardly been touched. Only the fringe models which sell in very low volumes have been substantially reduced."

VAG (UK) which imports Volkswagens and Audis, said: "Ford bas made a number of price increases in the past year and hoped that other manufacturers would follow. But they did not and Ford cars were obviously overpriced. Ford has simply adjusted that position and brought its prices down to more sensible levels."

There is considerable evidence to support this assertion. Ford say Cortina prices will bsva to go up this week but all the others were coming down. In the last year recommended prices bad been raised by "under 6 per cent in real terms." But this bas meant an actual rise of 15 per cent.

Last year the company hoisted the list price of its international and British best-seller, the Escort, by a hefty 25 per cent.

Even after this realignment, most Ford prices will remain above those for comparable models from rival manufacturers.

Mr Sam Toy, Ford's former top salesman who is now chairman, reacted to suggestions that his cars were previously overpriced by retorting: "How can they be when we have 32 per cent of the market and the first three cars in the top ten best-sellers list."

However, in the first two months of this year Ford's market share dropped 1.6 per cent from the same period in 1981. The company took 31.5 per cent of new car sales in January and only 28.35 per cent in February, at a time when the market failed, overall, to live up to expectations.

Such market shares are nothing to be ashamed of and BL would dearly love to feel it might one day approach them. But they must be seen in the context of Ford's target for 1982 of between 32 and 34 per cent and against 32.65 for 1981.

Not only did Ford get its marketshare target wrong in the first quarter of this year; it also missed out on its forecast that total of new car sales in Britain this year would be 1.5m. In the first two months sales were running at an annual rate of only 1.36m.

Ford's prediction that "we will get at least 32 per cent of a 1.5m market" was the one used when the company talked to its dealers at the end of last year and fixed first-quarter sales targets.

As the year progressed, it became obvious to many dealers they were going to have to struggle to meet those targets. "It began to get pretty rough in the market place," according to one major Ford dealer.

At stake were bonuses of up to £400 on each Fiesta, £350 on each Cortina, £250 on some Escort models plus £50 for each car sold on top of the normal dealer discount. These are worth 18½ per cent to main dealers and 17 per cent to sub-dealers. The bonuses are paid only when targets are achieved in full.

by mid-March advertisements like the one offering "Cortinas 21 per cent discount" began to appear.

Ford claims that in Britain you need never go further than five miles to fi gndonemmmm five miles to find one of its 1,200 dealers. But becsuse they are so close to each other and because Ford has such a large market share, when times get rough, they find themselves battling against one another as much as the opposition.

Ford believes it was wrong sbout the size of the 1982 market partly because potential customers bave been holding back as a result of all the publicity given to low continental car prices and the burgeoning trade in unofficial imports.

Not only has the UK Government said it wants to make it less complicated for people to go to the continent to buy their own cars but the EEC Commission bas been taking an active interest in the subject.

In the circumstances it would be understandable if those companies which buy large numbers of cars every year beld back to see what emerged.

Ford sells 60 per cent of its cars to the company sector and was bound to suffer more than most from this trend.

Uncertainties bave also been generated by suggestions that the EEC Commission might insist that car makers keep the difference in their tax-free car prices between member countries to a maximum of 12 per cent.

This made other manufacturers think carefully when they considered whether or not they should follow Ford's previous policy and push prices up sbsrply in Britain.

Land Rover launches two models

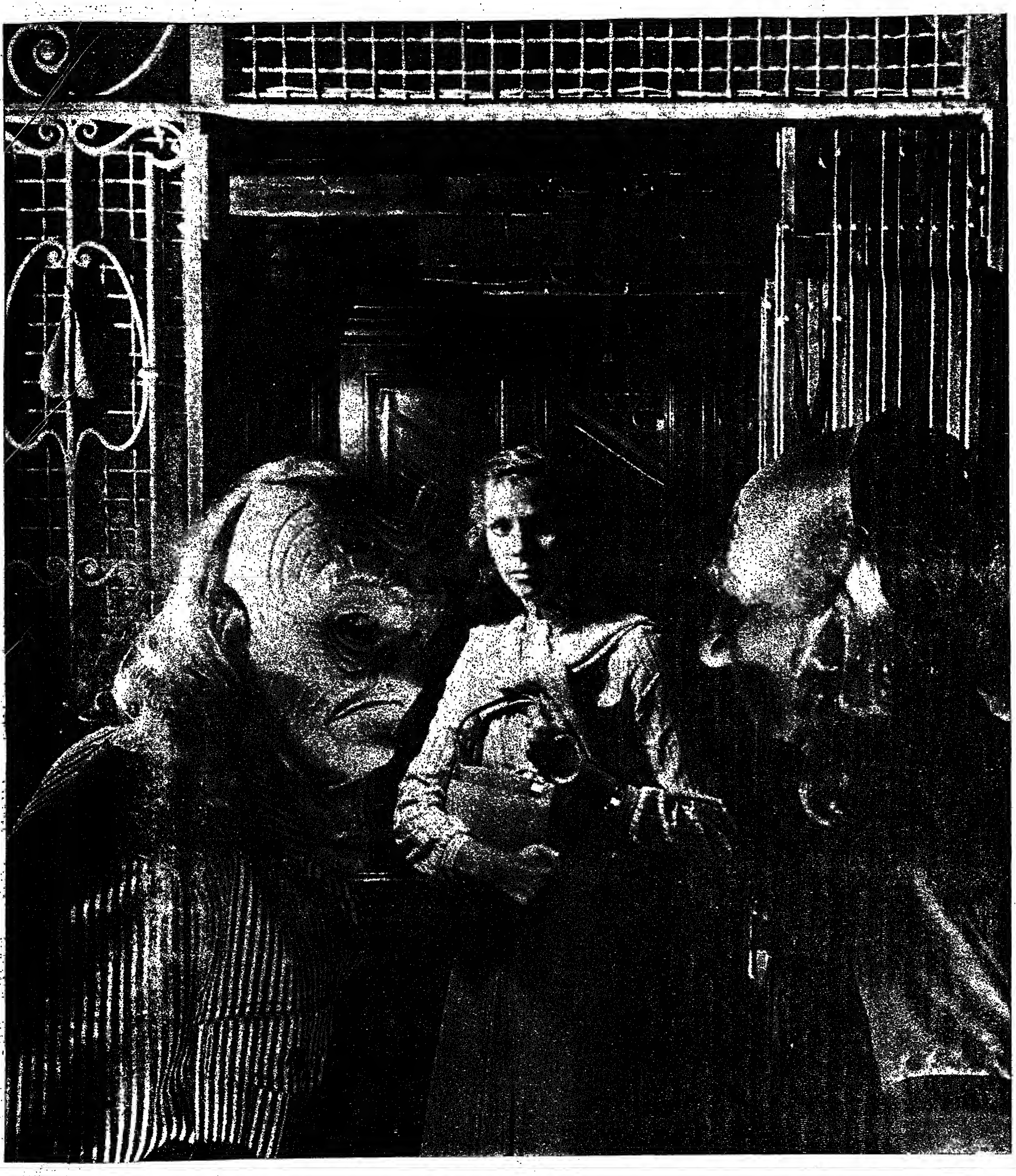
LAND ROVER, the BL subsidiary, will launch today two further variations on its four-wheel-drive vehicle, both the result of a £1m development programme.

Land Rover expects to export eight out of 10 of the new variants, a high-capacity pick-up and an upmarket County Station Wagon. They will be introduced progressively on the Continent, in the Middle East and Africa during this year.

Mr Mike Hodgkinson, managing director of the company, said that "the first tentative signs of recovery" in demand for four-wheel-drive vehicles were visible.

Land Rover claim that its high-capacity pick-up is capable of carrying 1.3 tonnes, a 25 per cent increase in payload over the previous model. The price is only 5 per cent higher, starting at £7,833.

The County Station Wagon, based on either the short or the long-wheebase Land Rovers, are also about 5 per cent up on the standard Land Rover, starting at £8,647.



UK NEWS—PARLIAMENT and POLITICS

Government caught napping over Falkland Islands crisis—Healey

BY MARGARET VAN HATTEM, POLITICAL STAFF

THE GOVERNMENT has been caught with its trousers down in the South Atlantic, Mr Denis Healey, the shadow Foreign Secretary, told the Commons yesterday.

"It is not surprising the Argentine Government has been tempted with the target it has provided," he added.

Replying to Mr Richard Luce's statement on the Falkland Islands dispute, Mr Healey accused the Government of a "grave dereliction of duty."

He said the Government, having crippled the Royal Navy for the sake of the Trident programme, was now totally incapable of making any response to the threat that has developed in South Georgia in the past three weeks.

The "clubbed-out iceberg breaker" sent in by the Government to defend the islanders was no match for the five Argentine warships in the area, he added.

A diplomatic settlement was needed but, as the Prime Minister was found of pointing out, it was best to negotiate from a position of strength. As it was, the Government had acted in a spineless and foolish manner, and now faced a damaging humiliation in a situation it should never have allowed to arise.

Mr James Callaghan, the former Labour Prime Minister, supported the Government's attempts to resolve the dispute by diplomatic means and suggested that the Argentine Government was creating a diversion to take the spotlight off its own internal problems.

He referred to a recent incident — of which the Foreign Office later denied any knowledge—when ships from the Caribbean, Gibraltar and the Mediterranean were sent to within 400 miles of the area to support HMS Endurance, leading to a prompt diplomatic resolution of a similar dispute with the Argentine authorities.

Anger as Foot warns of summer riots by jobless

BY IVOR OWEN

LED BY Mr William Whitelaw, the Home Secretary, Tory MPs protested angrily in the Commons yesterday when Mr Michael Foot, the Labour leader, warned that the expected increase in youth unemployment this summer could lead to more street riots in deprived areas.

Mr Whitelaw was replying to questions on behalf of the Prime Minister who was attending the EEC Summit in Brussels. His admission that unemployment is a factor in the mounting crime wave marked the opening of increasingly acrimonious exchanges.

Mr Foot reminded the Home Secretary that on an earlier occasion Mrs Thatcher had been unwilling to admit such a connection, and asked what effect he thought the increasing numbers of young people coming onto the unemployment register this summer would have in areas like Brixton and the Toxteth district of Liverpool, where rioting took place last year.

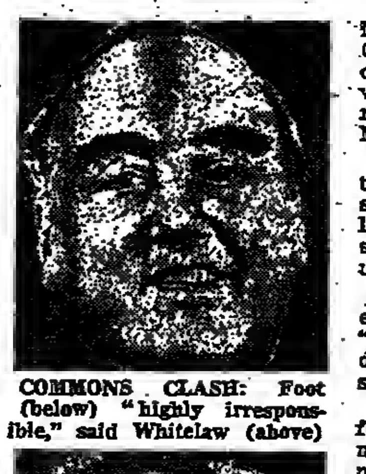
With Tory MPs roaring their support, Mr Whitelaw said he found Mr Foot's question "highly deplorable."

He assumed that every MP wanted to see peace on Britain's streets and no riots of any sort this summer.

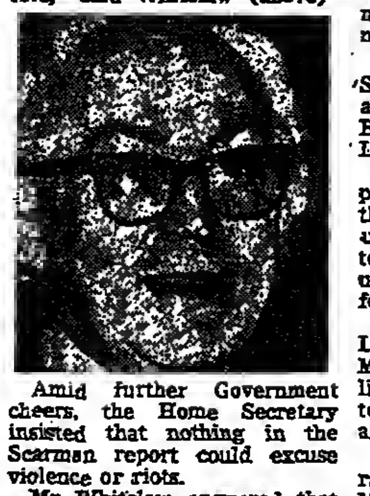
"For the leader of the Opposition to suggest that street riots might occur is highly irresponsible," he declared.

Mr Foot retorted that justification for everything he had said could be found in the report made by Lord Scarman on last year's riots.

To Labour cheers he called on the Government to "wake up" and do its duty by preventing mass unemployment.



COMMONS CLASH: Foot (below) "highly irresponsible," said Whitelaw (above)



Amid further Government cheers, the Home Secretary insisted that nothing in the Scarman report could excuse violence or riots.

Mr Whitelaw answered that the Government had taken many steps following the publication of the Scarman report.

"They are very important steps and they will continue to be taken," he said.

Mr Whitelaw also hit out at Mr Kenneth Livingstone, Labour leader of the Greater London Council, for his recent attack on Sir Kenneth Newman, who will take over as the new Commissioner of Police for the Metropolis in October.

Mr John Grant (SDP Islington Central) said Mr Livingstone's attack had been delivered before the new commissioner had even got his feet under his desk in Scotland Yard.

Sir Kenneth, he stressed, had experience of the London "bobby on the beat" and deserved a fair run and the support of the people.

Mr Whitelaw said he had found Mr Livingstone's remarks about the new Commissiooer "most deplorable."

They were quite inexcusable. Sir Kenneth had a fine record as a police officer both in Britain and in Northern Ireland.

Mr Norman Tebbit, the Employment Secretary, confirmed that despite the 52,000 fall in unemployment in March the total number out of work was unlikely to remain below 3m for more than a month or two.

He accused Mr Eric Varley, Labour's Shadow Employment Minister, of taking "great delight" in the prospect of the total climbing above 3m again.

Stressing that the underlying rate of increase was falling, Mr Tebbit told Mr Varley: "You might have to laugh on the other side of your face before the general election."

Mr Varley protested: "Nobody is laughing about this matter. We are taking it seriously on this side of the House."

TO THE VICTOR THE SPOILS: Hillhead by-election winner Mr Roy Jenkins outside the House of Commons, where he took his seat yesterday, with SDP co-leader Mrs Shirley Williams.

Council audits move by MPs

By Peter Riddell, Political Editor

AN ALL-PARTY group of MPs is to attempt to extend the accountability to parliament of the new Audit Commission for local authorities.

An amendment has been tabled for consideration in the report stage next Monday of the Local Government Finance (No 2) Bill to ensure that the Comptroller and Auditor General, who audits public sector accounts for parliament, should have access to "all documents and records held by the Commission," and report to the Commons.

The proposers are Mr Joel Barnet, chairman of the Public Accounts Committee, and Mr Edward Du Cann, a former chairman and now chairman of the Tory backbench 1922 Committee.

The intention is to maintain pressure on the Government to agree to the demands of a motion supported by 287 backbenchers to extend the Comptroller's role to cover all public sector bodies, notably nationalised industries. The Government had resisted this demand because of its implications for the responsibility of such industries to ministers. But a re-examination has been promised.

Mr Barnett and Mr Du Cann have chosen the parallel question of local authority audit, separate from nationalised industries, though raising the same points of accountability to parliament.

Death grant may rise to £250

BY ELINOR GOODMAN, POLITICAL CORRESPONDENT

THE GOVERNMENT yesterday published consultative proposals for replacing the existing £30 death grant with a much larger grant payable only to those in real need.

The grant would be between £150 and £250, depending on which of three options is adopted, and would be payable to between 65,000 and 125,000 people, compared to 600,000 or so receiving the current grant.

The bill to the Exchequer would remain roughly the same at £25m a year.

Entitlement for the new grant would depend on the deceased person's estate being below £1,500, excluding the value of the house, and on those responsible for the funeral costs being in receipt of one of the existing benefits for low-income households. Unlike the present grant, it would be a non-contributory benefit.

The plans were largely welcomed by Tory MPs yesterday, though there was some dissatisfaction that the Government had again put off a final decision on the issue which has been bedevilling it since it took office.

Labour MPs argued that the Government should have introduced an across-the-board increase in the current £30 grant and complained that ministers were effectively introducing a means test for the death grant.

The present death grant is paid out over 90 per cent of the 68,000 deaths a year. But it has not been increased for 14 years, and now pays at most 10 per cent of the cost of even a modest funeral.

The Government has been reviewing the system for over 18 months, and at least one earlier proposal put forward by the Department of Health and Social Security wa svetoed by the Treasury on the grounds that it was too expensive.

Mr Hugh Rossi, the Minister for Social Security, said the Government's aim had been to devise a scheme which would ensure that the grant was increased to "a level sufficient to provide a real contribution to funeral costs for those families in greatest need of such help."

All three proposed options would depend on the deceased leaving an estate of less than £15,000. Special consideration for certain war pensioners would continue

The Government is allowing four months for consultations, an dthere is therefore no chance of the necessary legislation being introduced this session. Mr Rossi seems to hope, however, that, if he can get the support of the various lobby gronps, and of the Opposition, he might be able to get legislation through Westminster in the autumn.

The Dignity in Death Alliance said it was bitterly disappointed. The Alliance, which represents pensioners and other organisations, has been campaigning for a realistic Death Grant to meet the cost of funeral expenses.

Mr. David Hobman, chairman of the Alliance, said the proposals were a blow to elderly and other people on low incomes

Tories shrug-off Hillhead to launch local campaign

BY ROBIN PAULEY

THE Conservative Party yesterday launched its campaign for the local elections in May saying that the Hillhead by-election result was the worst yet for the Social Democrats—but privately acknowledging that if the SDP attracts similar local support the political face of local government might be substantially changed.

The elections this May are an exceptionally complicated affair. Not only are the Social Democrats, alone or in alliance with the Liberals, taking a high profile for the first time, but the mix of councils facing elections is muddied by the fact that some retire in thirds while in other areas entire councils are up for re-election, sometimes because of boundary changes.

Mr Cecil Parkinson, Tory party chairman, admitted that many of the seats the party is defending had been won when the Labour Party was extremely unpopular.

He was encouraged, on the other hand, by the Conservative climb-back from a low of 22 per cent support in opinion polls in December to the current 32 per cent.

Mr Michael Heseltine, Environment Secretary, said the party clearly has a tough fight on its hands. The key issue would be the relative rates position in Labour and Tory-controlled councils.

The pattern of Tories levying lower rates than Labour was consistent across the country, he said.

It was inevitable that national affairs would play a role, and the party would have to convince the electorate that its policies were now starting to pay dividends.

Elections will be held on May 6 in all 32 inner and outer London boroughs, all 36 English metropolitan districts, and 103 of the English district councils.

A total 4,830 seats are being fought, of which 2,147 will be defended by Tories, 2,126 by Labour, 184 by Liberals, 116 by Social Democrats, and 257 by others, including independents.

The Tories are at their weakest in the North and the East Midlands. Labour is at its weakest in the South East, Wessex and the West.

Of the 116 SDP seats 83 are in London, and the party has yet to take a seat in the West or East, with only one in the East Midlands, one in Wessex and two in the South East.

This is largely because there have been relatively few by-elections since the party was formed, and its potential to score well in many of these areas is what is causing most alarm in Conservative Party circles.

The metropolitan districts where boundary and constituency changes mean the whole council standing for re-election are Birmingham (Lab), Dudley (no overall control), Gateshead (Lab), Kirklees (Lab), Manchester (Lab), North Tyneside (Lab), Salford (Lab), South Tyneside (Lab), Sunderland (Lab), and Wakefield (Lab).

In the rest, one third of the council is up for re-election.

Revenue 'cannot back' claim on local income tax

By Robin Pauley

THE INLAND REVENUE was strongly attacked yesterday during a Commons select committee hearing for doing no work to substantiate its claim that a system of local income tax could not be introduced before the end of the decade.

Professor John Stewart, director of Birmingham University's Institute of Local Government, told the Environment select committee that the Revenue's views could not be accepted without considerable challenge.

The Revenue had told the Layfield Committee on Local Government Finance in 1976 a system of local income tax was virtually unworkable and would need 22,000 civil servants.

A research assistant found ways of overcoming many of the Revenue's administrative objections and reduced the number of civil servants needed to 13,000.

"The great disappointment is that, having accepted that the research assistant was right in 1976, there is no evidence that the Inland Revenue has bothered to do any further work on this," Professor Stewart said.

He advocated transferring non-domestic rates to central government as a central tax, and the retention of reformed domestic rates with a supplementary system of local income tax introduced as quickly as possible.

Whitehall's strategic policy gap gets wider

Peter Riddell on changes in the Prime Minister's team of advisers

ALL GOVERNMENTS find it increasingly difficult during the life of a parliament to look beyond day-to-day problems to longer-term strategic objectives. That is why special advisers and Think Tanks were invented.

The qoestion of bow strategic advice and thinking is provided is raised by the departure from Downing Street at the end of next month of Mr John Hoskyns, head of the Prime Minister's policy unit since the May 1979 elections.

His move marks the virtual dishandment of the small team he built of three advisers plus part-time helpers.

Mr Andrew Duguid, a civil servant, is to run a policy unit at the Department of Industry while Mr Norman Strauss, a former Unilever marketing executive has been working only part-time since last summer, and is now stopped completely.

There is no political significance in these moves.

Mrs Thatcher regrets Mr Hoskyn's departure, and he will continue to provide some advice on longer-term thinking to Mr Cecil Parkinson, the Conservative Party chairman.

Mr Hoskyns, a 54-year-old former army officer and computer specialist, has been advising Mrs Thatcher since mid-1977.

Oo this view the proper tour of duty is from the mid-point of one parliament to the mid-point of another. The two years or so before an election should be used to think and prepare what is to be done in government and the first two to two and a half years in office are spent achieving what is worth doing.

After that, the legislative programme tends to become lighter, and time horizons shorten to focus on winning the election.

That is the time to have a break, take stock and to think about what should happen after the next election.

Mrs Thatcher has not yet named a new head of her policy unit, but whoever gets the job will probably have to concentrate much more on the short-term than Mr Hoskyns and his team.

The Hoskyns operation has in some ways been rather apolitical. According to Whitehall officials the team has been less involved in moch of the day-to-day infighting than was the policy unit in the Wilson and Callaghan administrations under Dr Bernard Donoughue.

The difference is partly a matter of size—Mrs Thatcher insisted on a very small number of advisers from the start—as well as the absence of much direct political experience among members of the unit.

Consequently, the Hoskyns unit has concentrated on a few strategic issues, rather than reading all the papers and advising on the tactics of, say, how to deal with a rise in TV licence fees.

The main themes have been trade union reform, the move from public expenditure planning in constant price volume to cash (which involved treading on quite a few toes) the Budget strategy (especially in 1981), and advice on major crises such as BL, British Rail and the miners.

This has involved working closely with Professor Alan Walters, the Prime Minister's personal economic adviser, with occasional outside advisers, and with sympathetic Treasury officials.

The unit has worked closely alongside the Think Tank (the Central Policy Review Staff), under Mr Robin [illegible]. The Hoskyns unit has seen its job as deciding what is worth digging into and focusing on a few major issues, while the Think Tank devotes its larger resources to more detailed work on, say, nationalised industries.

The advice is mainly for the Prime Minister, though occasionally for groups of ministers concerned with special issues—for example, those on E committee of the Cabinet on an economic subject.

The aim has been to pull ministers up short and force them to look at the longer-term implications of policy.

Have the Government's actions benefited from the existence of the Hoskyns unit?

It is impossible to distinguish the operations of such a small team from the other conflicting pressures on the Government, especially as its main customer is the Prime Minister herself. But the view in Whitehall is mixed—some officials argue that the Hoskyns unit has not had the clout of its predecessors, while others feel that its strategic thinking has been overtaken by exteroal events.

The initial intentions of Mr Hoskyns had been to focus on why governments had failed in the past and on the need for ministers to think in terms of two five-year terms rather than just ooe parliament. But the Government's record has not, to say the least, been one of clear-sighted consistency.

Even people in Downing Street coocede that most of the first year in office was wasted. On this view ministers started by being naive about how to control public sector pay, relying too much on cash limits, and under-estimating the practical difficulties of dealing with the unions and containing expenditure.

The financial policy was, on this view, flawed because the Treasury was tryiog to control the wrong monetary measure.

Advocates of this case would argue, however, that the strategy is now back on course for achieving the objectives of the first five years: to "put the fire out" by reducing the rate of inflation and containing expenditure.

The "fire fighting" has involved the Hoskyns unit in arguing in favour of the Medium-Term Financial Strategy, and in crises, notably of the nationalised industries.

On rail electrfication, for example, the Hoskyns unit is reported to have become involved when the plan was just about to go ahead. In conjunction with Professor Walters the team was very critical of the figures produced, and forced a re-examination.

The departure of Mr Hoskyns raises the questinn of how such strategic thinking should be conducted in future.

There is general agreement that no one within the machine has the time or the detachment to look at longer-term issues. The Cabinet Office is regarded as a highly efficient co-ordinator of secretarial services, while the Think Tank has tended to become involved in short-term problem-solving rather more than the longer-term thinking which was envisaged ten years ago.

This experience raises the qoestion of whether the Think Tank's priorities need to be assessed under its new head, and whether the Downing Street operations need to be reorganised to create some kind of Prime Minister's department—possibly including the Think Tank.

John Hoskyns

There are no signs that Mrs Thatcher's thinking is along these lines. She prefers a personal unit of like minded outsiders.

There is clearly a gap in Whitehall which has been increased by the departures from the policy unit. Longer-term thinking about what to do if the Conservatives get a second term—for example about the tax structure and the welfare state—is not going to become any easier as the election approaches.

Youth employment schemes 'still displacing' regular workers

BY BRIAN GROOM, LABOUR STAFF

LITTLE OR no reduction has been achieved so far in the extent to which teenagers on temporary work experience schemes displace regular workers, the Manpower Services Commission conceded last night.

About 30 per cent of young people on the Youth Opportunities Programme work experience schemes are thought to be taking jobs which would otherwise be filled by normal, permanent recruits.

The autumn's Trades Union Congress threatened to oppose the schemes and withdraw union co-operation if this and other "abuses by employers" were not restricted.

Failure to curb job "substitution" would fuel the controversy over the Government's attitude to the tripartite MSC, which is thought to have brought the three trade union representatives on the commission to the point of considering resignation.

One of the three, Mr Bill Keys, general secretary of the Society of Graphical and Allied Trades, said yesterday: "I am not prepared to sit on an MSC which is the agent of a reactionary government."

Mr Keys said the TUC had expressed its concern about the "increasing" level of job substitution. He feared it would be worsened by proposals of Mr Norman Tebbit, Employment Secretary, for a new training scheme for unemployed 16-year-olds, paying them a £15-a-week allowance and witholding supplementary benefit, if they refused to take part.

Job substitution had yet to be discussed by the commission, Mr Keys said, but "if the MSC and the Government are unable tho improve the quality of the achemes and do something about job usbstitution we shall bave to consider our position."

A drive by the MSC to curb substitution started several months ago, when it became clear how emotive the issue was.

Detailed instructions have been issued to field staff on how to vet schemes for possible abuse, including winding-up schemes

An MSC surve yof the cost and benefits of sponsoring the unemployed, carried out in May and analysed in the new issue of the Department of Employment's monthly gazette, supports the 30 per cent estimate of the level of substitution.

The MSC said last night that the position had not worsened since the study, but it was unlikely to have improved significantly either. It said its efforts would take some time to work through the system, but it hoped it was beginning to weed out the worst cases.

Employment Gazette, Morch 1982; SO; £2.25.

Disputes cost more working days

STRIKES AT British Rail and Leyland Vehicles contributed to a rise in the number of working days lost because of industrial disputes in February, writes Brian Groom.

The provisional figure for days lost is 546,000. This is above the revised figure of 484,000 for January, and somewbat higher than the low average of 350,000 per month in 1981.

The Leyland and BR disputes together accounted for more than 60 per cent of the February figure, according to the Department of Employment's monthly gazette.

The provisional number of recorded stoppages, which is considered a less reliable indicator, remained low. Figures show that 112 began in February—the same as the corresponding figure last year.

AVERAGE WEEKLY EARNINGS OF MALE MANUAL WORKERS

(£ per week)	
Food, drink and tobacco	126.36
Coal and petroleum products	151.26
Chemicals and allied industires	138.48
Metal manufacture	132.96
Mechanical engineering	119.51
Electrical engineering	118.31
Shipbuilding and marine engineering	127.04
Vehicles	119.08
Textiles	106.60
Clothing and footwear	98.67
Paper, printing and publishing	154.22
All manufacturing industries	123.23
Mining and quarrying (except coal)	126.08
Construction	121.55
Gas, electricity and water	142.28

Source: Department of Employment

Some wages up 10%

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

AVERAGE WEEKLY earnings of full-time mannal workers on adult rates in manufacturing and some other industries averaged £125 for 43 bours last October, according to the latest Department of Employment survey.

The results, published in today's Employment Gazzette, show that the earings were about 10 per cent more than the corresponding figure for October 1980.

The earnings of full time women workers last October were £76.4 for an average week of 37½ hours. The higbest earnings overall were in the coal and petroleum products section, where adult earnings were about 20 per cent above earnings in the National Coal Board, which are given aeparately.

These show that miners were earning an average of £148 a week last October, exclnding special benefits such as free coal. If these are included the total was £178 a week.

Separate information is also given for manual workers in the National Health Service. Weekly earnings of men were £120, a 14 per cent increase compared with a year earlier. For women the weekly rate was £83, a 9 per cent increase. Average hours worked in the Health Service were 45.8 for men and 41.4 for women.

Unions urge more safety measures in Gas Bill

By John Lloyd, Labour Editor

LABOUR MPs and trade union officials yesterday warned that tho Oil and Gas Bill, which entors its report tage today, would increase the danger of oxplosions and raise the price of gas.

About 1,000 trade unionists lobbied Parliament yesterday io protest against privatisation measures in the Bill.

Mr John Edmonds, national energy officer for the General and Municipal Workers' Union, said the unions were not immediately concerned about jobs, hut were protesting because "the whole nature of this measure will severely damage the public interest."

UK oil companies were eager to gain control of the gas industry in order to export gas to Europe. This would pusb up prires as much as 20p a therm, he added.

The proposed ending of tho British Gas Corporation's mooopoly on purchasing powers would also increase prices.

Mr Merlyn Rees, Opposition energy spokesman, said it was "dogma" to seel Britoll—the prodnction side of the Britisb National Oil Corporation, and to end BGC's monopoly of supply and purcbase. "This is like selling the silver to pay the butler's wages," be said.

Mr David Stirzaker, gas officer for the National and Local Government Officers' union, said industrial action could be taken if jobs were threatened.

Mr Edmonds said "the odd street might get blown up" unless further safety measures were written into the Bill.

Mr Rees confirmed there was now a consensus among Labour Party and trade union leaders on the kind of compensation for shareholders of assets which Labour would renationalise.

Tebbit ready for tougher laws on closed shops

Financial Times Reporter

THE GOVERNMENT is ready to promote tougher laws for workers' ballots on closed shop agreements if the unions respond with a boycotting campaign, Mr. Norman Tebbit, the Employment Secretary, said yesterday.

He gave the warning during a committee starge debate on the controversial Employment Bill after Tory right wingers claimed that the proposals were open to boycott and intimidation tactics.

The right wingers urged that the Bill's provision allowing closed shop validation hallots to stand if supported by 85 per cent of the voters sbould be scrapped, and only the alternative of an 80 per cent majority of the workforce considered.

Reprieve for Times weekly

By Our Labour Editor

TIMES NEWSPAPERS has granted the Times Health Supplement reprieve from imminent closure following talks yesterday with officials of the National Union of Journalists.

The one-week reprieve is to allow a buyer for the supplement. Its 12-strong staff are now preparing a normal issue for publication on Friday.

The Supplement, launched six months ago soon after Mr Rupert Murdoch took over Times Newspapers, has lost an estimated £200,000. Its circulation reached a level of around 5,000 a week, 10,000 below target.

Postal workers reject 5% offer

By Our Labour Editor

THE POST OFFICE has offered its 150,000 workers an increase of 5 per cent, in response to a 20 per cent claim by the Union of Communication Workers. But the union has rejected the offer.

Talks between the two sides, adjourned since last week, continued yesterday without agreement. Both sides are due to meet again shortly.

Rail staffs tribunal may be reshaped

BY PHILIP BASSETT, LABOUR CORRESPONDENT

BRITISH RAIL'S arbitration tribunal seems likely to be reshaped after BR'a present dispute with the Associated Society of Locomotive Engineers and Firemen over the crucial issue of more flexible work rostering has been resolved.

The Railway Staffs National Tribunal is considering BR's attempt to introduce flexible rostering for train-drivers based on seven-to-nine-hour shifts instead of the present guaranteed eight-hour day.

It is still likely that the tribunal will find in favour of the BR Board, and may well urge that as a prospect for long-term change on the railways flexible rostering be introduced by local negotiation, with similar guarantees to those in the agreement for guards.

However, even such a finding, which would enable the Government to fund further electrification of the railway network, is unlikely to stem tho pressures building up for change in the BR arbitration system.

Pressure is likely to continue not to reappoint Lord McCarthy as chairman of the tribunal, because of the widespread belief that he has favoured the unions.

This belief is not supported by papers which have been presented to the Cabinet showing that two out of three of the tribunal'a major decisions favoured the board.

Lord McCarthy was reappointed in mid-December for a further two-year term.

One of the reasons being suggested for BR's not continuing within its own negotiating machinery with flexible rostoring for Aslef at the end of November is that Lord McCarthy's future as chairman was at that time undecided by Ministers, so that technically, BR had no tribunal to go to.

Privately, many BR officials were deeply critical of Lord McCarthy's performance during the rail strikes.

In particular they thought he should have denied the suggestions of Mr Ray Buckton, the Aslef general secretary, that Lord McCarthy had framed the second set of terms of reference for the inquiry set op by the Advisory Conciliation and Arbitration Service.

Mr Buckton implied that hocause they were in Lord McCarthy's handwriting they wore his, though it is widoly believed in tho industry that the terms, which wore fovourablo to the Aslef caso, had been drafted in the union.

Onco the flexible rostering issuo is settled tho resignations seem likely of the other two tribunal members, Mr George Doughty, former general secretary of the draughtsmen's union, and Mr Ted Choppen, former Esso senior executive.

Mr Choppen in particular, as an appointoe of all three rail unions, was unhappy in serving on the Acas rail inquiry because of the boycott of it by Aslef.

ENERGY REVIEW

How North Sea wealth could shape Britain's economy

By Max Wilkinson, Economics Correspondent

IT MAY seem repugnant to common sense that British manufacturing industry, which rose to pre-eminance on the basis of coal, should now be forced into a decline because of the discovery of North Sea oil.

Should not the new oil wealth make the UK more prosperous all round, and thus promote increased demand for manufactured goods? Or does the oil have a perverse effect confined to the UK manufacturing sector?

Until recently it was generally agreed that the answer to both these questions waa "yes." North Sea production will edd to total output, aod it will therefore create an extra demand for manufactured goods. However the oil will also tend to raise the exchaoge rate so that demand for manufactured goods will teod to be satisfied more by imports and at the same time exports from the UK will be less competitive.

It was argued that this raising of the exchange rate was not merely an unfortunate side effect of the beoefits of oil production, but a market mechanism for making necessary, and even desirable changes in the structure of the British economy.

Dr John Kay, director of the Institute of Fiscal Studies end Dr Peter Forsyth of the University of New South Wales, Australia pointed out nearly two years ago that North Sea oil could add perheps 10 per cent to National Income by the middle of the decade. However this extre demend would not be just for oil but for the whole spectrum of goods and services available in the economy.

Forsyth and Kay summarise their case like this: "North Sea oil adds considerably to the growth of the UK economy . . . But there is simply no way in which oil cao be converted into houses or restaurant meals, or retail and distributive services, either directly or through trade: and it is largely on items of these kinds that we shall want to spend our increased income. All we can do is to exchange oil for trade goods—predominantly manufactures—and deploy the resources released into the other, non-tradeable sectors of the economy.

"There is no mechanism for deriving benefit from the North Sea which does not, sooner or later, require this structural change."

However, the idea that the exploitation of North Sea oil must lead to a substantial decline in the UK's manufacturiog base with a corresponding influx of imports, has been challenged quite strongly by the Bank of England and a group of Treasury officials.

The Treasury group points out, in a working paper published last weekend, that earlier analysis is correct as far as it goes, but that it does not sufficiently take into accouot the effects of the rising price of oil which could work in the opposite directioo. The Bank, meanwhile, emphasises the complex and diverse infinences on the exchange rate, and the difficulties of North Sea oil from wider economic influences.

The Bank concludes: ". . . with oil costing at least as much real resources as in the past, the UK had no need on this count to contract its industrial sector; and . . . the strength of sterling must be seen as largely due to other factors (eg the asset preferences of oil exporters or high UK interest rates)." The Treasury group concludes more cautiously that although the the rise in oil prices and the discovery of North Sea fields may have helped to "crowd out" UK manufacturing productioo, "the scale of this effect is probably much less than was originally suggested by Forsyth and Kay."

Clearly, the rapid rise of sterling to a peak of around \$2.40 during the summer and autumn of 1980, the 14 per cent decline in UK manufacturing output since 1979 and the sharp rise of imports of manufactured goods at the end of last year do appear to fit closely with what Forsyth and Kay were predicting.

However the official studies suggest one should be extremely cautious about ascribing the cause of the decline and even more tentative about cooduding that such a change is desirable.

The main grounds for this are:

● The increased costs as well as the increased price of oil. The real resource cost of prodocing North Sea oil is estimated by the Bank at about £35 per tonne in 1980 compared with cost of importing oil in 1973-74 which was £23 per tonne (1980 prices). Thus the UK is worse off now than it was in the days of cheap imported oil. The North Sea has protected the UK from being in an even worse economic plight than at present.

● The oil will run dry in the oot very distant future. The Bank says that at current rates of consumption estimated reserves will last for at least 15 years and perhaps as much as 50 years. Thereafter, energy, whether imported or not, will be considerably more expensive. Major industrial investment will be required to maintain Britain's income in this future withoot oil.

In spite of the recent weakening of oil prices, it is clear that the real cost is likely to go on increasing in the medium term, and that this fact, taken by itself, would suggest the need for a higher rate of investment to UK mannfacturing industry than would be required if the country had an indefinite supply of oil at a constant cost.

The Bank suggests this should be recognised by regarding the oilfields as a wasting capital asset, even though North Sea income does not show up in the Natiooal Accounts in this way.

In this light it is easy to see that at least some of the proceeds should be reinvested to provide a source of income when the wells run dry, hut how much should be reinvested and where?

Estimates of the proportion of oil revenues which would have to be reinvested to maintain a steady indefinite income for the UK vary enormously with the assumptions made. Forsyth and Kay calculated that at \$35 per barrel, the present valne of total North Sea reserves could he \$600bn. If half the revenues could be invested at a real rate of return of 3 per cent UK consumption could be boosted indefinitely by about \$18bn a year.

However, if the real rate of return on the investment was only 1 per cent, three-quarters of the oil revenues would need to be invested, whereas at a real rate of 5 per cent, it would be possible to consume nearly all the revenues.

These estimates are also sensitive to the assumptions made about future oil prices. Clearly if the real oil price were expected to rise steeply, the best investment might be to leave a lot of the oil under the brine.

The Bank suggests that the present valne of the North Sea ecooomic rents could he between 60 per cent and 120 per cent of the UK's total output (expected to be £280bn in 1982-83).

If some 60 per cent to 120 per cent of output could be invested at a real rate of 5 per ceot, national income could be increased permanently by between 3 per cent and 6 per cent, the Bank estimates. However it cautions: "This increase should he treated as additional to whatever the level of consumption would heve been if the UK hed to import oil, not as an addition to current levels of consumption."

However at a productioo rate of 8m tonnes a year, about equal to self sufficiency and at the 1980 price, sales revenue would be worth about 5 per cent of total output rising to perhaps 8 per cent by 1985. Thus to maintain the real value of the North Sea "capital" indefinitely the excess of sales revenne over the indefinitely sustaineble addition to income (3 per cent to 6 per cent) would heve to be invested.

The conclusion from these two different pieces of arithmetic is broadly the same: if future generations are to inherit the benefits of North Sea oil somewhere between a quarter end three quarters of current revenues should be invested to provide future income.

The aecond question is where it should be invested—and by whom? To many, including the Trade Union Congress end the Labour Party, it seems obvious that the proceeds of British oil should be invested primarily in British industry.

However, the crux of Forsyth and Kay's argument is that North Sea oil will raise the effective exchange rate of sterling and so make investment in UK manufacturing industry less profitable than it would otherwise have beeo because exports are less competitive. Conversely, a high value of sterling makes overseas investment more profitable.

There is another argument for investing the profits overseas: the outflow of capital during the investment process will tend to offset the inflow resulting from exports of oil, thus tending to limit the rise in sterling and the consequeot damage to UK industrial competitiveness. Moreover the interest and dividends coming io from these investments will tend to support sterling when the oil starts to run dry.

Ageinst this it can be argued that overseas investments do little to help UK employment or tax revenues, and may even strengthen foreign manufacturers which are competing against our own industry.

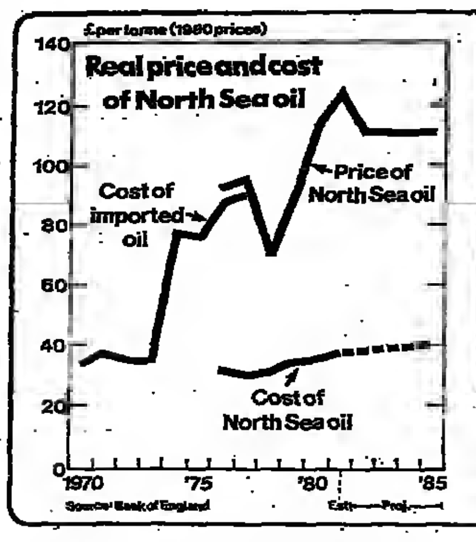
At this point, however, the argument moves into a completely different arena. As the Bank drily observes: "Policy affecting the general balance of the economy cannot be decided by reference only to considerations related to the North Sea."

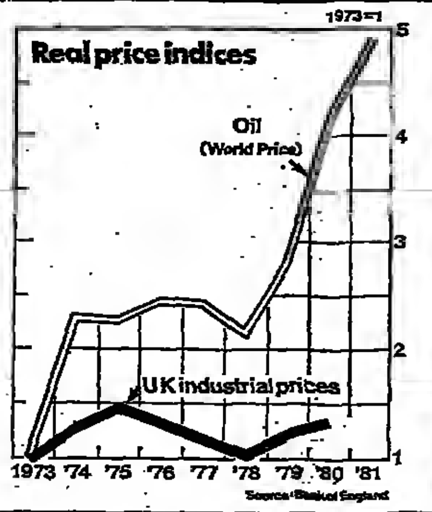
But though it would be wrong to consider the North Sea assets in isolation, it would be a mistake to ignore the ways in which it has lifted restraints on the economy by increasing output, strengthening the balance of payments, and, through a higher exchange rate, helping to moderate inflation. It would also be the height of folly to forget thet provision must be made for a less favoured future.

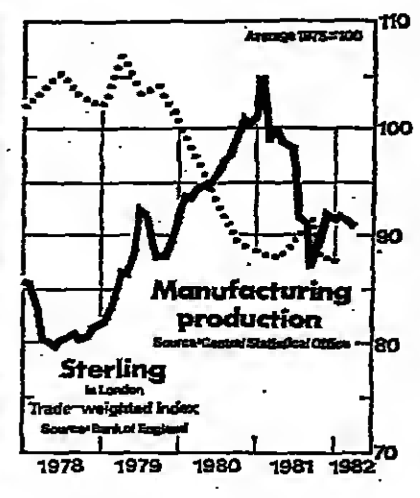
* Bank of England Quarterly Review, March 1982

* North Sea oil and structural adjustment. Treasury Working Paper No. 54 (HM Treasury, Parliament Street, London SW1P 3AG)

* The Economic implications of North Sea oil revenues by P. J. Forsyth and J. A. Kay (Journal of the Institute of Fiscal Studies, Volume 1, No. 3, 1/2 Castle Lane, London SW1)





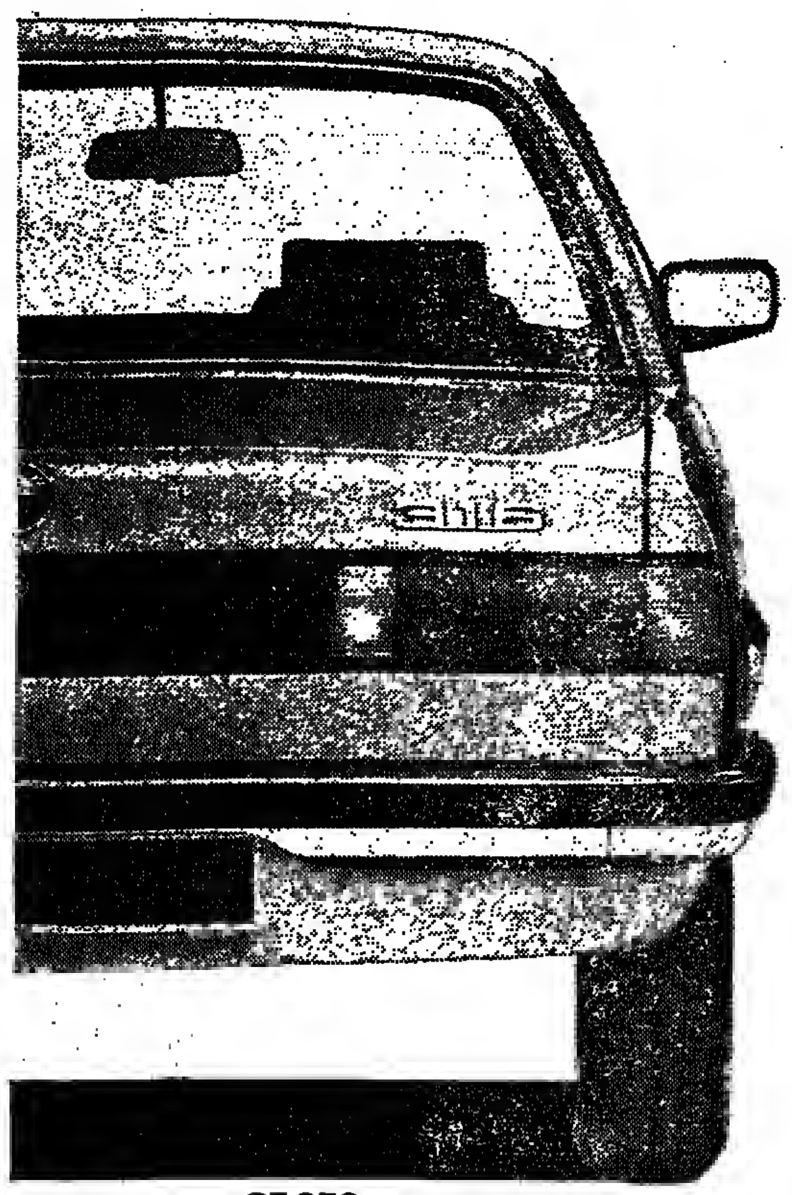


Marian Sedger

NORTH SEA OIL AND GAS VITAL STATISTICS
(1980 prices)

Total investment (1965-1980)	£21bn
Expected investment over next 15 years	£55bn
Total resources employed in North Sea by UK, 1980	£10.5bn
Total foreign resources employed 1980	£6bn
Total reserves of oil and gas	3.2bn tonnes
Life of reserves at current consumption	15 to 50 years
Sales revenues (1980)	£12bn
Sales revenues (1985)	£12bn to £16bn
Government revenues (1981)	£4.3bn
Government revenues (1985)	£5bn to £8bn
Financing requirement (1980)	£8bn
Cost per tonne (1980)	£35
Price per tonne (1980)	£110
Benefit to UK balance of payments (1981)	£11bn
(1985)	£11bn to £15bn
UK oil as production of world output (1980)	3 per cent
Addition to UK output 1975 to 1980	approx. 3½ per cent

Source: Bank of England



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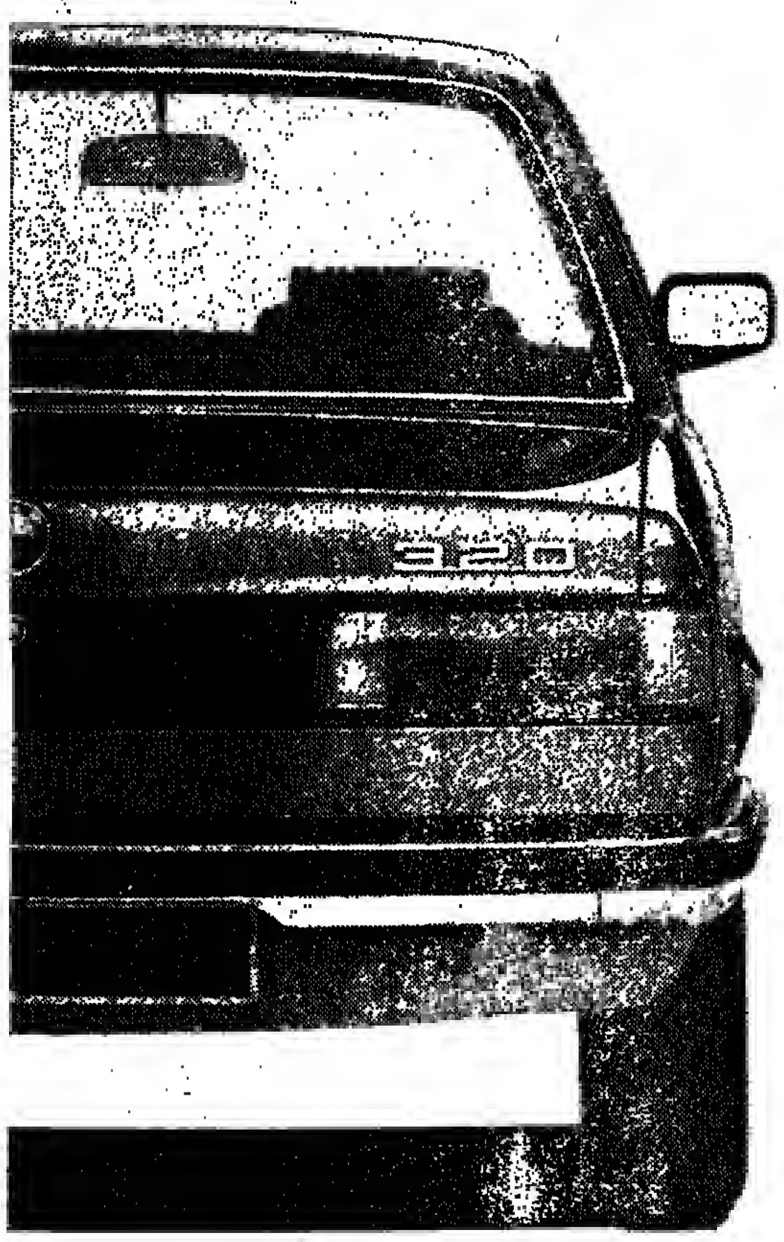
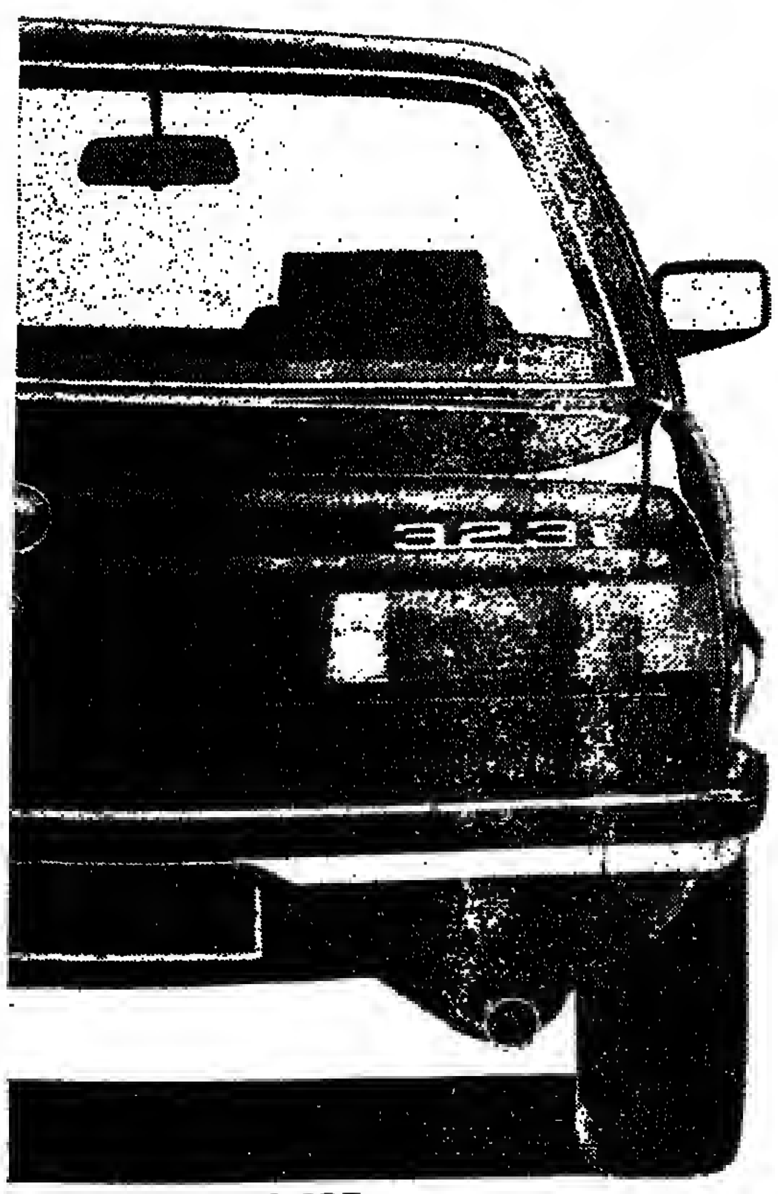


£7,415.



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The 316, for example, now sports a 1.8 litre engine developed from the unit that's powered so many Formula Two winners.

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Yet it's a luxury that doesn't cost you extra petrol. Over 30 mpg is possible if you try hard, or 23 mpg if you drive hard.

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For it holds its value, on average, twice as well as other cars in its price class.

A fact which helps explain why, in a year when new car sales have generally been depressed, 60% more BMW 3 Series have been bought.

Which is why if you're planning to spend between £6000 and £9000 on a car, we suggest you send for your BMW 3 Series Information File as quickly as possible.

It would be a pity, after all, if you had to settle for an inferior car to the one you can actually afford.

Please arrange a test drive for me in the BMW 3 series ☐
Please send me the BMW 3 series Information File so I can more fully evaluate the car ☐

Mr, Mrs, Miss, etc. ___ Initials ___ Surname ___

Address ___

Postcode ___

Present car ___ Year of registration ___

Daytime telephone number ___ Age (if under 18) ___

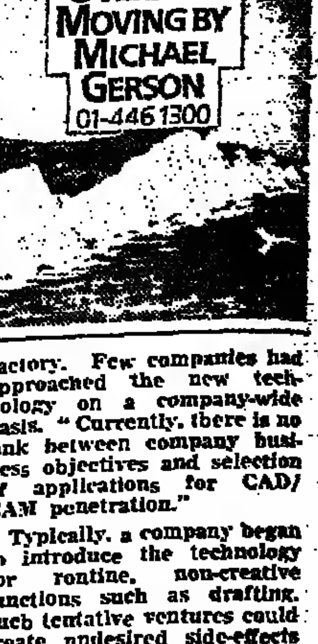
Send to BMW Information Services, P.O. Box 46, Hounslow, Middlesex.
Or telephone 01-897 6665.

THE ULTIMATE DRIVING MACHINE

PRICES CORRECT AT TIME OF GOING TO PRESS. INCLUDE CAR TAX AND VAT BUT NOT DELIVERY OR NUMBER PLATES. INCLUSIVE DELIVERY CHARGE INCORPORATING BMW EMERGENCY SERVICE AND INITIAL SERVICES £160 + VAT. D.O.E. FUEL CONSUMPTION FIGURES: 316 URBAN CYCLE 25.7 MPG, 56MPH: 41.5MPG, 75MPH: 30.4MPG. 320 URBAN CYCLE 21.7MPG, 56MPH: 37.7MPG, 75MPH: 28.0MPG. 323i URBAN CYCLE 22.1MPG, 56MPH: 36.3MPG, 75MPH: 27.7MPG. FOR TAX FREE SALES: 56 PARK LANE, LONDON W.1. CALL 01-629 9277.

TECHNOLOGY

EDITED BY ALAN CANE



Terry Dodsworth in Paris discusses Renault's moves to the automated assembly line

Robots with a vision of the future

THE ROBOT swivels through a 90 degree arc and swings out an arm. Its mechanical band, a sort of metallic vice, zooms up and down the pallet it bas just emptied, finds nothing to pick up aod comes to rest.

The machine seems puzzled, curls up oo itself, and pauses, as if to think. Then, suddenly, it comes to life, swiogs round through 180 degrees and begins to search again. This time the grab finds what it is looking for. It leans down, measures its distance and clamps tight on a crankshaft.

The process just described is performed by what Renault-ACMA, the manufacturer of the tool, calls a second generation robot. It is a machine whicb recognises shapes and which, to a limited extent, can handle roughly arranged materials.

Its development takes manufacturers one step further towards the ultimate vision of robot-makers—the all-seeing, all-thinkiog replacement for the assembly line worker.

After six months trials at the Renault engine and gearbox factory at Cleon, the robot is now working in full time production conditions. It stands at the beginning of one of the conveyor belts on the engine assembly lines, replacing a man whose job was to lift rough-cast, 14 kilo crankshafts off a pallet and onto the moving transfer line.

Gruelling

Renault wanted to automate this process because the job was gruelling, dirty and boring. Until the robot came along it seemed like the sort of task that required a moderate input of human judgment.

The problem with the crankshafts was that they arrived in stacks only roughly comparable one with another. Although the piles were arranged in a standard order—two parallel shafts supporting two more placed at right angles, and so on to a beight of about 4 ft — the position of any particular piece varied.

A worker unloading the stacks had no intellectual difficulty in picking them up, whatever their angle, and whatever their beigbt in the pile. He carried out a kind of sorting job before placing them on the conveyor.

A standard automatic machine would be foxed, because it works only with pieces that present themselves one after another in exactly the same place. So would the adaptable type of robots now widely seen in welding nr painting shops. They can be programmed to do more than one task — say to weld two different car models — but position themselves in specific predetermined situations and cannnt cope with variations.

By contrast, the Renault ACMA can work through an imperfectly stacked pile, picking up pieces from the whole area nf two pallets arranged on either side of its base, and working from top to bottom of the stack. During this process it can cope witb differences in the position of the crankshafts nf up to 10 cms laterally, and 15 degrees in orientatinn.

The machina achieves this by "recognising" the shapes of the individual crankshafts, using television-type cameras poised over the stacks. The system works in a series of recognition steps, as the infnrmation from the camera is fed to a computer and back tn the robot in instructions on hnw to move.

One of the difficulties in this process is that the cranksbafts, picked up by the camera as a flat black and wbite image, have an extremely complex shape, particularly when piled nne on top of another.

The robot, bowever, has been programmed to recognise the essential contours, and to choose the pieces that are clearly on top of the pile. Crankshafts that are lower down in the stack are rejected because some of the bits are hidden on the picture—that is covered by the ones above them.

Once the robot has chosen its crankshaft, the picture tells it where to move to be over the centre of the piece. But the camera cannot measura the distance between the ahaft and the robot'a mechanical band. This is done by means of a sonar, which throwa out a wave to guide the grab onto the appropriate part.

Renault says that the machine, from its specialised machine tool subsidiary, is now working witb an accuracy of 99.5 per cent. It fouls itself up, grabbing in the wrong place and, therefore, triggering off its stop mechanism about three times on an average day. This is an acceptable enough margin for the company to be pressing ahead with similar installations elsewhere at Cleon.

But tbere is still a long way to gn to achieve a machine that can work with truly random items.

Such skills would be useful because some foundry products in particular are most easily transported loosely in containers. But recognitinn of sbapes in that state poses an enormous technical difficulty, compounded by the problem of space needed for tha mechanical grab to operate, and then the manipulation nf the object to put it in the assembly process correctly.

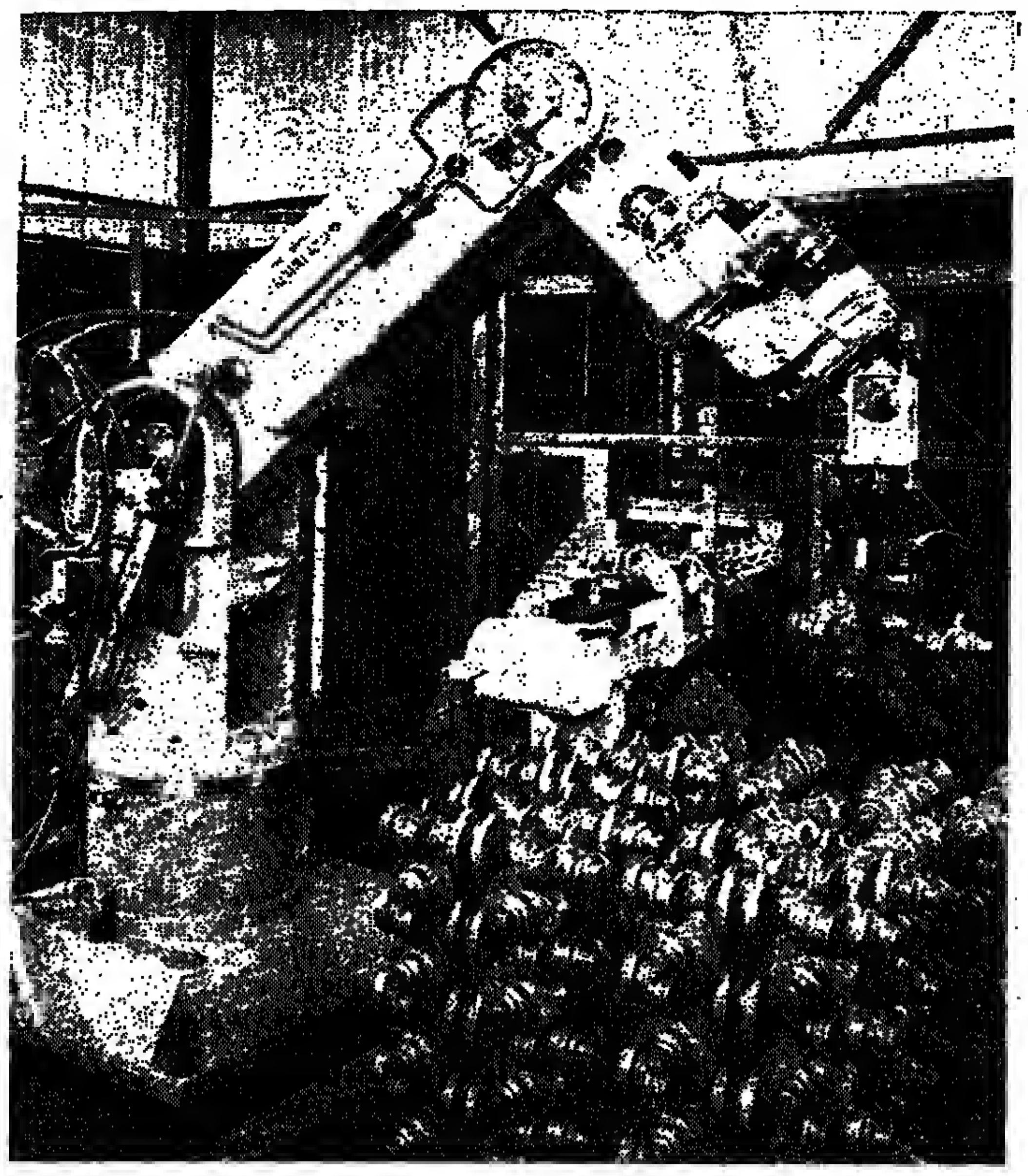
The machine at Cleon is Renault's first step towards a production line answer to this challenge. The company hopes to be near an experimental solution by the end of the year.

● Meanwhile in the UK, BL Cars is claiming a first for the motor industry in the use of a Unimate Puma robot to apply spot adhesive to Triumph Acclaim trunk lid sbells.

The Puma is built by the U.S. company Unimation; it was programmed to carry out adhesive bonding of the trunk lids in only four weeks according to BL.

It applies adhesive to the central sections of the inner and outer steel trunk lid shells, reckoned to be a particularly unpleasant job.

A BL spokesman said: "The robot has been averaging an 80-hour week, completing the 63 spot adhesive cycle on each Acclaim trunk lid in 58 seconds wbich is at least twice as fast as it could be accomplisbed manually."



Renault's robot selects a crankshaft from a pile of similar units

'CAM policy will lead to crises'

ROBOTS ARE not necessarily a part of the factory of the future. The key tn successfully building such factories is to build on existing resonrces. If those resources include unique manual skills, the last thing a manufacturer should do is to abandon them.

Tbis is the message Dr Leonid Lipchin, a U.S. consultant on manufacturing automation, is preaching in Britain. Dr Lipchin is a seninr staff member of Arthur D. Little's Compnter Integrated Manufacturing (CIM) gronp in Boston Massacbusetts.

Yesterday, Dr Lipchin predicted that current strategies for implamenting CAD/CAM in British factories would lead to tha same kinds of crises as smote data processing in the 1970s. Speaking at the CAD '82 conference at Brighton, be said past experience showed that companies bad justified investment in CAD/CAM on the basis of "automating" the routine and repetitive aspects of prodnct design. The yardstick was simply the increased throughput per man-hour.

But he claimed that the most effectiva use of CAD/CAM and tbe integration of CAD and CAM would prove to he in its "unique capacity to enhance product creativity and manufacturability." The importance of CAD/CAM lay less in the way it cuts labour costs than in the way it makes prodncts more "creative" nr mnre readily manufactured.

In Dr Lipchin's experience—based beavily nn his involvement with the U.S. Air Force's integrated computer-aided mannfacturing programme—the problems of the factory of the fnture, far from being amenable to generalised solutions, become very specific to the individual mannfacturer and factory. Few companies had approached the new technology on a company-wide basis. "Currently, there is no link between company business objectives and selection of applications for CAD/CAM penetration."

Typically, a company began to introduce the technology for rontine, non-creative functions such as drafting. Such tentative ventures could create nndesired side-effects such as mare paperwork and difficulty with job scheduling.

"The development of a company-wide CAD/CAM tool requires a long-term commitment and integrated effnrt of various manufacturing activities," he said. "The need for company-wide long-range planning is essential for successful CAD/CAM implementation."

DAVID FISHLOCK

GLC instals glass fibre police link

RECENTLY INSTALLED for the Greater London Council by Focom Systems of Leeds is a 2 km optical fibre cable system which can carry 64 high speed computer channels, 64 low speed control channels and two televisions channels at baseband.

Tha link runs from New Scotland Yard to County Hall and is an interesting example of wbat can be dnne when there are no wayleave problems.

Containing eight fibres of 4 dB/km loss and a bandwidth of 400 MHz the cable runs in the London Hydraulic Company pipe along Victoria Street, across Parliament Square to the Victoria Embankment. From there it runs in the old London Tramway ducts over Westminster Bridge to the GLC main building.

Data carried by the cable is concerned with traffic control. For example, the low speed control signals are used to select TV cameras and provide pan, tilt, focus and zoom changes.

Capacity is well beyond what the GLC needs at the moment. The first of its kind in London, the link is expected to be followed by others fnr the CEGB and possibly for banks and other financial institutions. Focom is on 0532 775737.

Sound torch which works under water

AN ULTRASONIC torch for the inspection of underwater structures is now being manufactured under licence by the Cheadle Heath Division of Ferranti Computer Systems for use by offshore operators. Ferranti Offshore Systems in Aberdeen will be responsible for marketing.

The torch offers a method of inspecting the many hundreds of node joint welds in underwater zones of offshore platforms. It need be only roughly positioned by the diver in the vicinity of the weld and signals can be sent baek via cable to a data processing unit either nn the surface or to a submersible.

Trials have shown that the torch will operate successfully to a depth of 200 metres. It will be launched by Ferranti in May at the Offshore Technology Exhibition and Conference in Houston.

More details are available from Andrew Aitkenhead at Ferranti Offshore Systems (0224 50282) or Peter Caswell at Ferranti Computer Systems (061 428 0771).

Avery's new electronic system

"MORE THAN just a new electronic scale" is the descriptinn given by W. and T. Avery to its latest device for the retail counter, a flexible integrated weighing and pricing system with options for expansion.

As well as weighing up to 30 lb, with easy conversion to metric, in one nperation the unit will print full price details on to self-adhesive labels which are ejected ready to apply.

A special addition to the machine, which is known as Commander, is a price look-up system called Plus. This is fitted tn the column mounted green vacuum fluorescent display unit: by pressing a single key it will give fast, error-free price entry. The system will store 34 different products and prices (expandable to 64) and can be easily updated as products or prices change. More on 021 558 1112.

COMPANY NOTICES

NOTICE OF REDEMPTION

EERSTE NEDERLANDSE CEMENT INDUSTRIE (ENCI) N.V.

Established at Maastricht, The Netherlands

D.Fls. 40,000,000.–

8¼% Bearer Guaranteed Notes 1976 due 1980/1983

Notice is hereby given that notes for the amount of

D.Fls. 10,000,000.–

have been drawn in the presence of notary public for redemption on April 15, 1982.

The drawn notes are those belonging to

REDEMPTION GROUP No 4.

Amsterdam, March 1982.

Central Paying Agent
Banque de Paris et des Pays-Bas N.V.

NOTICE TO DEBENTUREHOLDERS

NEWFOUNDLAND AND LABRADOR HYDRO

9¾% DEBENTURES OF 1976 DUE MARCH 15, 1986

Pursuaot to the provisions of the Purchase Fund, notice is hereby given to Debentureholders that nominal U.S.$ 702,000 have been purchased for the Purchase Fund during the twelve-month period from March 15, 1981 to March 14, 1982.

Amount outstandiog: U.S.$ 23,107,000

March 31, 1982

NEWFOUNDLAND & LABRADOR HYDRO

NOTICS OF REDEMPTION

SOCIETES DE DEVELOPPEMENT REGIONAL "SDR"

9¼% 1975-1987 EUA 25.000.000

Holders in the above mentioned issue are hereby informed that following early redemption of EUA 526.000 effected on May 5th, 1979 the amortisation quota of May 5th, 1982 has been fixed at EUA 1.950.000.

The bonds to be repayed have been drawn by lot on March 17th, 1982, in the presence of a notary public and bear the following numbers, taking into account the bonds previously drawn:

8988 to 10935 inclusive

These bonds will be redeemable at par on and after 5th May, 1982 with all unmatured coupons attached thereto.

The principal amount of bonds outstanding after the amortization of 5th May, 1982 will be EUA 14.624.000.

Finally, it is recalled that the following bond numbers which have been drawn by lot in 1978, 1979, 1980 and 1981 have not yet all been presented for payment:

17372 to 17897 inclusive
3587 to 5386 „
15372 to 17371 „
6838 to 8787 „
1177 to 3128 „

BANQUE INTERNATIONALE A LUXEMBOURG
Société Anonyme
Fiscal Agent

Luxembourg,
March 31st, 1982.

AMERICAN EXPRESS COMPANY (CDRs)

RE PROCEEDS SALE WARRANTS

Referring to the advertisement of 5th February, 1982 the undersigned announces that the deposited property of the still outstanding div.cps. no. 15 of CDRs American Express Company has been sold. As from 8th April, 1982 div.cp. no. 15 will be payable in cash with Dfls. 1.40 at Kas-Associatie N.V.

RE. CASH-DIVIDEND

The undersigned announces that as from 8th April, 1982 at Kas-Associatie N.V., Spuistraat 172, Amsterdam, div.cp.no. 16 of the CDRs American Express Company, each repr. 5 shares will be payable with Dfls. 9.04 net.

(Div. per record-date 1.8.1982: gross 50.55 p.sh.) after deduction of 15% USA-tax = 50.4125 = Dfls. 1.08 per COR.

Divs.cps. belonging to non-residents of The Netherlands will be paid after deduction of an additional 15% USA-tax (= 50.4125 = Dfls. 1.08) with Dfls. 4.98 net.

AMSTERDAM DEPOSITARY COMPANY N.V.

Amsterdam, 28th March, 1982.

GREENHILL & ELLIS (EASTERN) LIMITED

NOTICE IS HEREBY GIVEN, pursuant to Section 293 Companies Act 1948, that a meeting of the creditors of the above-named Company will be held at Room 3, Winchester House, 77 London Wall, London E.C.2, on Friday the 16th day of April, 1982 at 11.00 o'clock in the forenoon for the purposes mentioned in Sections 294 and 295 of the said Act.

Dated this 25th day of March, 1982.

By Order of the Board
L. G. COSSEY
Director

NOTICE OF REDEMPTION

MORTGAGE BANK OF FINLAND OY

9¼% 1976-1985 U.S.$20,000,000

Holders of the abovementioned loan are hereby informed that the annual instalment of U.S.$5,000,000 due April 1st, 1982 has been partially effected by repurchase in the market of an aggregate amount of U.S.$730,000 and partially by drawing by lot of the remaining U.S.$4,270,000.

The following bonds have been drawn in the presence of a notary public at the offices of the Trustee:

6489-6502	6504
6514-6515	6635-6653
6656-6662	6665-6684
6686-6687	6689-6734
6774-6794	6798-6911
6834-6642	6844-6848
6855-6855	6871-6893
6896-6898	6910-6950
6955-6983	6989-6973
6975-7028	7058
7131-7203	7225-7256
8760-8788	8792
8794-8807	8812-8820
8825-8942	8844-8959
6983-9010	9015-9171
9182-9188	9207-9239
9249-9568	9585
9593-9594	9801-9838
9642-9651	9864-9708
9710-9714	9729-9734
9741	9745-9778
9764-9791	9794-9834
9839-9807	9849-9864
9870-10382	10568-10409
10424-10427	10429-10904
10913-10956	11007-11027
11051-11172	11187-11191
11186-11201	11213-11279
11349-11397	11405-11414
11416-11419	11422-11505
11521	11524-11581
11564-11583	11594-11828
11643-11883	11726-11745
11756-11760	11764-11775
11777-11902	11922-11943
11960-11964	12043-12048
13047-13082	13084-15283
13609-13715	14039-14041
14205	14212-14219
14222-14228	14234
14243-14248	14364-14383
14386-14387	14484-14499
14719-14783	14789-14818
14924-15364	15439-15599
15640-15749	

These bonds will be redeemable at par on and after April 1st, 1982 with all unmatured coupons attached thereto.

The principal amount of bonds outstanding after the amortization of April 1st, 1982 will be U.S.$8,000,000.

Numbers previously drawn by lot and not yet presented for payment:

7996-7999 8502-8505 8505

BANQUE INTERNATIONALE A LUXEMBOURG
Société Anonyme
Trustee

Luxembourg,
March 26th, 1982.

Anglo American Gold Investment Company Limited

(Incorporated in the Republic of South Africa)

NOTICE TO MEMBERS

NOTICE IS HEREBY GIVEN that the forty-fifth annual general meeting of members of Anglo American Gold Investment Company Limited will be held at 44 Main Street, Johannesburg, on Friday, April 23, 1982 at 00h00, for the following business:

1. To receive and consider the annual financial statements of the company for the year ended February 28, 1982.
2. To elect directors in accordance with the provisions of the company's articles of association.
3. To consider and, if deemed fit, to pass, with or without modification, the following resolution as an ordinary resolution:

"That the directors are hereby authorised:

(i) To allot and issue all or any portion of the 247 988 unissued ordinary shares of R1 each and the 47 500 000 unissued redeemable cumulative preference shares of 10 cents each in the capital of the company, at such time or times, to such person or persons, company or companies, and upon such terms and conditions as they may determine;

(ii) To make arrangements on such terms and conditions as they may deem fit for the subscription by underwriters of:

(a) any shares in the company offered by way of rights issues but not taken up by the persons entitled thereto; and

(b) any shares resulting from the consolidation of any fractional entitlements in respect of any shares issued in pursuance of a rights issue, provided that any rights to such shares which can be sold in nil-paid form on the Johannesburg and/or London Stock Exchanges during the period which they are quoted on such stock exchanges may be sold by the underwriters, and the net proceeds of any sale of such rights shall be paid to the company."

Holders of share warrants to bearer wishing to attend the meeting in person or by proxy must comply with the regulations of the company under which share warrants to bearer are issued.

A member entitled to attend and vote at the meeting may appoint a proxy or proxies to attend, speak and vote in his stead. A proxy need not be a member of the company.

The transfer registers and registers of members of the company will be closed from April 20 to 23, 1982 both days inclusive.

By Order of the board
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries
per D. M. Davidson
Divisional Secretary

Registered Office:
44 Main Street,
Johannesburg 2001.
London Office:
40 Holborn Viaduct,
London EC1P 1AJ.
March 30, 1982.

Canadian Pacific Limited

NOTICE TO SHAREHOLDERS

The 101st Annual General Meeting of the Shareholders of this Company, for the election of directors to take the places of the retiring directors end for the transaction of business generally, will be held on Wednesday, the 5th day of May next, at Le Château Champlain, Place du Canada, Montreal, at 11:00 a.m., Montreal time.

The transfer books of shares and stock will be closed at the close of business on Tuesday, the 27th day of April, 1982 and will be reopened on Thursday, the 6th day of May, 1982.

The Board of Directors has specified that the time before which a shareholder intending to vote by proxy at the Annual General Meeting or any adjournment thereof must deposit his proxy with the office of the Vice-President and Secretary at Montreal, Que. shall be 5:00 p.m., Montreal time, Monday, May 3rd, 1982.

By order of the Board,

J.C. Ames,
Vice-President and Secretary.

Montreal, March 8th, 1982.

NOTICE TO BONDHOLDERS

IMATRAN VOIMA OSAKEYHTIO 9¼%

20,000,000 EUROPEAN UNITS OF ACCOUNT 1975/1988 GUARANTEED BONDS

Pursuant to the provisions of the Purchase Fund notice is hereby given to Bondholders that nominal UA 1,671,000 have been purchased for the Purchase Fund during the twelve-month period from March 25, 1981 to March 24, 1982.

Amount outstanding: UA 16,879,000.

IMATRAN VOIMA OSAKEYHTIO

March 31, 1982.

PUBLIC NOTICES

TOWN AND COUNTRY PLANNING ACT 1971

NOTICE UNDER SECTION 27 OF APPLICATION FOR PLANNING PERMISSION

Proposed development on the Quay adjacent to Billingsgate Market and Lorry Park Site, Lower Thames Street, London EC3

TAKE NOTICE that application is being made to the Common Council of the City of London by LONDON AND EDINBURGH INVESTMENT TRUST LTD. in conjunction with S. & W. BERISFORD LTD. for planning permission to DEMOLISH THE STORAGE BUILDINGS IN FRONT OF THE EXISTING MARKET BUILDING; PROVIDE A RIVERSIDE WALK, LANDSCAPING AND TERRACES; ERECT A WINTER GARDEN STRUCTURE AND PROVIDE A RIVER BUS STOP AND A SEPARATE MOORING FACILITY.

Any owner of the land (namely a freeholder or a person entitled to an unexpired term of at least 7 years under a lease) who wishes to make representations to the above-mentioned Council about the application should make them in writing not later than 20 April 1982 to the Town Clerk, PO Box 270, Guildhall, London EC2P 2EJ.

Signed:
COVELL MATTHEWS WHEATLEY PARTNERSHIP
On behalf of:
LONDON & EDINBURGH INVESTMENT TRUST LTD.
and S. & W. BERISFORD LTD.
Dated this 29th day of March 1982.

CONTRACTS AND TENDERS

NOTICE OF CALL FOR TENDERS

ISSUED BY OFFICE NATIONAL DES TRANSPORTS IN ZAIRE

relative to the preselection of companies to be allowed to submit bids in the context of the limited call for tenders, to be issued at a later data for:

Item 1: Ten barges of 500/600 metric tons. File No. 1325F2.

Item 2: One bundred drop-fitted flat wagons. File No. 1347F2.

(1) Financing: The Republic of Zaire bas submitted a request tn the Arab Bank fnr Economic Development in Africa for a contribution to the financing of the project, tha purpose of which is to maintain the transport capacity of Offica National des Transports of Zaire (ONATRA), particularly as far as railway and river transport equipment is concerned, and to increase the capacity for transporting wood, either in the form of rough timber or of cut wood and containers. The project provides for special units for the river and railway transport of rough timber and containers.

(2) Purpose of the two calls for tender

Item 1: Ten barges of 500/600 metric tons. File No. 1325F2.

Item 2: One hundred drop-fitted flat wagons. File No. 1347F2.

(3) Application for preselection

Applications for preselection will be accepted, on equal terms, from all individuals and companies, or consortia of such individuals and companies, which belong to Participating or Member States of the Arab Bank for the Economic Development of Africa and to any other country not subject to the boycott arising from tha resolutions passed by the compatent authorities of the Leagua of Arab States, tha Organisation of African Unity and the United Nations Organisation. The companies wishing to taka part in the subsequent limited calls for teoder shall submit their application for preselection in the French language on unstamped paper, five copies of which shall be sent by registered post or messenger, to reach the address below by Friday, April 23, 1982, at the latest.

Président de la Commission des Adjudications ONATRA
177, Boulevard du 30 Juin
B.P. 98 Kinshasa — 1
République du Zaire

Tha envelope shall carry ona of tha two following inscriptions, written in red, on the top left-hand corner:

Candidature à la pré-sélection pour le marché da dix barges de 500/600 tonnes — dossier 1325F2 et/ou cent wagons plateformes à baussettes — dossier 1347F2.

Ooe copy of the applicant's letter of intent shal lbe sent by ONATRA to the Arab Bank fnr the Economic Development of Africa at:

P.O. Box 2640,

Khartoum,

Sudan.

(a) Preselection documents

The applications for receipt of subsequent limited calls for tender shall necessarily comprise the items and documents listed below in French, with the exception of items (b) and (c) which may be submitted in their original languages hut shall he accompanied by a sworn French translation.

(a) A letter of intent to btd from the company, giving its style, registered office and exact address.

(b) Proof of nationality, which shall he certified according to relavaot national legislation.

(c) Completa information concerning tha company'a articles of association, together with duly certified documents demonstrating its incorporation.

(d) All necessary indications proving that the company is technically and financially capable of executing the works called for by the supply, subject of the calls for tender, with special reference to its personnel and equipment resources at the tima of furnishing the said supply.

Report on company activity during the past three years, with a document certifying that no bankruptcy has taken place.

For this purpose, the following information shall ba provided:

— the share capital amount,
— the share capital paid up at December 31, 1981,
— the net assets,
— the balance sheet,
— the powers of the directors,
— the compaoy specialisatioo aod number of employees with the qualifications of the parsonnel in key positioos, baok references.

(b) The oecessary refereoces concerning the most substantial similar works executed since 1970 or in progress at the present time.

FINANCIAL TIMES SURVEY
Wednesday March 31 1982

Refurbishing

The demand for property refurbishment varies considerably between different areas of Europe, but in Britain the sector remains comparatively buoyant with fierce competition to win contracts, especially in central city areas.

Weighing up the pros and cons

BY WILLIAM COCHRANE

PROPERTY refurbishment is an option, an alternative to redavelopment, a combination of *potential* advantages and disadvantages which vary from country to country, from city to city and from one type of property to another.

Listing tha pros and cons, agents Richard Ellis start with politics. Refurbishment, they say, is popular with government and the general public, with increasing pressure for widespread conservation of the older fabric of towns and cities.

Ellis go on to economics starting with the plot ratio—which shows the amount of space which can be built on a given site. In the City of London, they say, the plot ratio for new building is never higher than 5.5:1. But many buildings which predate plot ratio enjoy higher densities, making redevelopment a bad choice in economic terms.

In general, too, refurbishment takes less time which means an earlier return, in rents, on the money invested in it. In Britain, moreover, opportunities exist to increase the floor area of buildings cnstructed prior to January, 1948, which have a right to compensation if the local authority refuses to allow a 10 per cent increase in the *building's volume or area.*

Not all of the UK advantages are internationally applicable—particularly tha change in fashion which has seen the post war requirement for adequate car parking on site reversed, leaving useful space available for conversion. In addition, there are the potential disadvantages to consider.

These include, on occasions:

- A poor ratio of net usable space to gross area.
- Irregular construction, making office *planning* difficult, natural lighting and ventilation below standard, and office depths excessive.
- Non-compliance with modern safety, load bearing and insulation standards.
- "The unknowns," as Ellis put it, making refurbishment more *difficult to cost.*

All in all, the subject seems to geoerate strong opinions among the specialists involved. Consider the view of Mr Roy Stevens, chairman of national builders, G. E. Wallis and Sons, that "conservation, for conservation's sake, is *foolish* and there *are times when* builders are asked to do just that. If the fabric of a building is sound and if it has genuine architectural merit then it must be a candidate *for* refurbishment. But, to preserve the facade of a ruin is ridiculous."

"I agree," adds Mr Stevens, "*that in the* name *of progress* we have knocked down a lot that was good, destroyed fine buildings and broken up communities. Don't let us allow the pendulum to swing too far in the other direction and stick preservation orders on buildings which frankly do not deserve them."

Mr Stevens has a point to make on the economics of refurbisment, as well—"the office blocks and tower blocks of the late 1950s and early '60s are now in need of substantial refurbishment."

"At Wallis, we recently re*furbished* a building, *which* we ourselves put up in 1962. The refurbishment cost was £3m and the original construction cost, in 1962, was £1m. However, to have started again and built that same block today would have cost about £8m."

Combining good economics with *quality* seems to be the central philosophy of Haslemere Estates, a company so associated with refurbishment, as managing director David Pickford points out, that "doing a Haslemere" is now a respectable description, in the courts, of the restoration of a building to a certain style and standard.

It is worth noting here that Haslemere's main areas of refurbishmeot operation are in prime office areas of central London—in the City, the *West* End, Victoria, Belgravia and Holborn.

Mr Pickford says that "it isn't possible nowadays to 'do a Haslemere' where office rents are under £7 a foot." However, that does not mean that prospects are hard to find.

"The opportunities for a good return on our investment," says Mr Pickford, meaning both for his own company and for its institutional partners, "are definitely as good now as they were 10 years ago."

Mr Pickford is talking for the UK market, of course—and, probably, for the specialists long established in refurbishment, rather than those who have been operating elsewhere in construction and have been attracted into renovation and rehabilitation by the dearth of work elsewhere.

Elsewhere in Europe, there are a number of variations on the *refurbishment* theme. Mr John Shears, from the Paris operation of quantity surveyors Cyril Sweett and Partners, sets out three.

Renovation, he says, is "the thing to do" in Paris at the moment because of the restrictions on new development currently *imposed* by central Government.

The plot ratio there, he says, is 1½:1. In *certain* areas of Paris it is possible to build up to three times the plot area, but a tax (redevance), based on the cost per square metre of the site is payable on the area exceeding the 1½:1 ratio.

Secondly, there seems to be (or have been) a more permissive attitude to cars and car drivers. Mr Shears notes here the refurbishment of the 50,000 square metre Grand Magazin de Louvre building, owned by Britain's Post Office pension funds, where a car park was actually *installed underneath.*

However, there is not in any sense a refurbishment boom in Paris of the sort to be compared with London. Quite a few of the smaller developers who were active in years past do not seem to be around any more.

In Brussels, meanwhile, the market is showing signs of refurbishment through necessity—a reaction to an oversupply of new office stock, just as in the U.K. the oversupply of industrial space seems to be promoting industrial rehabilitation.

Just completed: spacious, new-look offices (left) for Platinum Guild International, a South African jewellery promotional company, with offices at Stanhope Gate, London.

The refurbishment of the office complex was carried out by Office Planning Consultants of Covent Garden. OPC tackles a wide range of City projects, mainly in banking premises, and has recently opened a Space Planning Centre offering advice on office planning for small businesses.

IN THIS SURVEY

The Brussels office of quantity surveyors MDA, Monk & Dunstone, Mahon and Scears reckons that the slack in vacant office space, of which there was a huge amount three or four years ago, is being slowly taken up.

Meanwhile, some buildings only ten years old have become very difficult to let and, accordingly, to sell. Investors, therefore, are having to go for complete refurbishment — an indictment, perhaps, of the quality of offices erected when a boom was envisaged.

In Amsterdam, too, attention is now focusing on more recent buildings, but *there is still* a lot of old property for the developers to look at and the authorities to protect.

Michael Rainbird, of quantity surveyors Widnell and Trollope, also feels that argument for retention or demolishment are given varying weight from country to country.

"Amsterdam is particularly sensitive," he says. "The controls are tighter than ours, but one gets the feeling there that local authority planners are trying to help you do it; here (in the UK) on occasions, they may be trying to stop you."

Chris Bull - Diamond, of Weatherall Green and Smith's Frankfurt office, is quite clinical in his attitude: "The problem for *refurbishment* prospects here was that the war wiped out some cities in West Germany. In Frankfurt, in particular, a lot of good old buildings were demolished."

The need for work on post-war, late 1950s and early 1960s buildings again pops up in this *connection*, but *Mr Bull*-Diamond's view is that commercial tenants, in general, prefer conventional modern offices to refurbished space.

Perhaps the greatest distinction between the UK and other refurbishment markets, however, is the point at which it all begins John Pelling of building surveyors John Pelling Associates, puts it succinctly: "At the moment, there are many UK pension funds and other institutions looking for investment prospects. Most refurbishments here are coming about through the institutions first buying, and then looking to maximise their return in competition with new building."

Some projects now attract bids from 30 or 40 companies, as **Lorne Barling** reports

Competition for contracts remains fierce

THE REFURBISHING sector of the construction industry remains comparatively buoyant, despite the economic constraints of the past year. But, even so, an element of uncertainty has now become evident, mainly in relation to projects for completion in more than a year.

While some developers take an optimistic view of the coming two years, particularly in relation to property in prime City and West End sites, there are some doubts about the increasing amount of space available and its eventual effect on returns.

At the same time, labour and material costs have remained fairly stable, and contractors' margins continue to be eroded by the fierce competition for work, with some projects now attracting bids from as many as 30 or 40 companies.

In the past, cost comparisons between refurbishment, partial rebuild and a completely new building have had to be made on the basis of a strong market with immediate tenancies at a predictable rental, but this may no longer be the case. The options are, therefore, more difficult to assess.

However, when leases fall in and decisions have to be made, there is often little alternative to carrying out work in some form, particularly with buildings which were constructed in the 1960s. Many of these now have exterior fabric problems in addition to their need for new internal services.

Prospective tenants are increasingly aware that full repairing leases on buildings of this nature are risky and are therefore hesitant about them.

Cost control

On the positive side, encouragement is given by the prospect of low refurbishment costs at present, at least if the most competitive bid is acceptable in terms of quality. This is an aspect which has attracted some attention recently, and safeguards in the form of independent inspection are sometimes required.

Cost control remains a major preoccupation of all those concerned with refurbishment, and a number of the more active contractors offer a variety of different systems of financial monitoring, which are designed to suit varying circumstances.

Most of the major construction companies are now involved in refurbishing, either through specialist divisions or subsidiaries. These include Bovis; Costain Renovations; Cubitts (part of Tarmac); Laing, Mowlem; Myton (a Taylor Woodrow subsidiary); Bernard Sunley; Trollope and Colls (part of Trafalgar House); Wates Special Works; and Wimpey.

While most of the high value work continues to be in the City, where a contract worth nearly £20m is expected to be announced shortly, companies such as Wimpey derive much of their turnover from major contracts to renovate large numbers of council houses.

This sector, once thought to be vulnerable to Government restraints on council spending, has held up well recently. This is attributed by Wimpey to the decisions by many councils to spend money on renovation instead of new building.

Wimpey recently completed a contract in Newport where more than 600 terraced houses were refurbished by removing damaged external walls completely and replacing them with factory-made curtain walling while the roofs and intermediate floors were held up by a special support system.

Although this market is, by its nature, restricted to the larger companies with adequate resources, it is providing a considerable volume of work nationally, since many of the contracts involve large-scale structural work and the replacement of floors, windows and even the installation of new kitchens.

Until fairly recently, it was feared that a constraint on the refurbishing sector may arise through a shortage of suitable property, but with the effects of recession now being felt in some service industries and the lure of cheaper space outside central London becoming more attractive, this seems to have receded.

Nevertheless, Mr Brian Hill, managing director of Higgs and Hill, believes that the industry saw a decline in output last year and that it will continue to suffer for a time due to the over-supply of office space.

While prime-site jobs are likely to go ahead, Mr Hill suggests, there is an awareness that some of the fringe developments are marginal and as a result have been shelved. The recent Budget is seen by Mr Hill as helpful in restoring confidence in the market.

Some of these smaller offices outside London, once regarded as a potential source of refurbishing work, are now attracting a fair number of companies which are content with fairly minimal renovation. Often they are now concerns seeking to minimise overheads and a small staff which does not expect high grade accommodation.

Fragmentation

Overall, there appears to have been considerable fragmentation of the refurbishing market in the past year, with the requirements of clients varying widely, depending on location. At the top end of the market, however, there appears to be little restraint on spending for tenants such as international banks and large companies.

Mr John Dugard, managing director of Costain Renovations, said that while his company has managed to maintain turnover, and the number of inquiries was still high, profits had been hit by lower margins.

Although materials and labour had remained fairly stable, other overhead costs had risen considerably, notably in public services.

"It is very difficult to judge the market properly at present," Mr Dugard said, reflecting the view of a number of companies which have seen work decline and increase again over short periods.

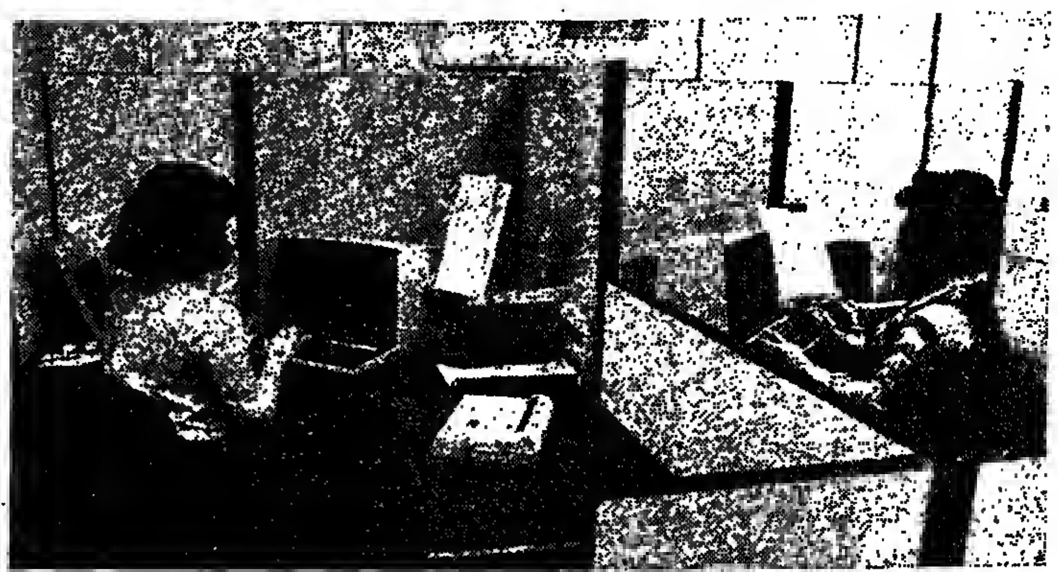
This uncertainty is reflected in the difficulty clients are having in deciding what type of work they wish to be done, since it is felt by some that despite the traditionally lower costs of refurbishing, the marginal benefit over rebuilding has narrowed recently, due to a slower rise in rebuild costs.

Decisions appear to be most easily made with the advice of the more specialised refurbishing companies and agents who have been monitoring the movement of comparative costs and may offer projections on potential rentals.

The time saved on refurbishing or rebuild remains a critical factor, and with contractors increasingly eager for work, most are now able to start work at fairly short notice, assuming the necessary planning has been done.

Increasing refurbishing activity in central city areas of the UK

Demand for projects in prime locations



Economic use of space is now top priority in city offices. Above: a section of the word processing centre at Chemical Bank, based in the Strand, London, showing work stations from the Westinghouse open office system

DEMAND FOR refurbished property in the larger industrial areas of Britain appears to have held up better than expected in the past year, due partly to an increasingly evident preference for smaller office units of character, and the improvement of older industrial premises.

While there is still good demand in most regional cities for high quality refurbished property in the prime commercial areas, the conversion of period houses and older, small offices into self-contained premises has become increasingly popular.

This demand has come mainly from professional concerns, such as small accountancy, architectural, design and consultancy groups, which are often prepared to pay comparatively high rents for prestige offices of this kind.

However, they comprise a relatively small proportion of overall office occupiers in the regions, and the trend has been accentuated in some areas by shortages of suitable property for refurbishment, since much of it is too modern to justify improvement.

In Manchester, there has been a considerable amount of refurbishing activity in the central commercial area, mainly as a result of a slowdown in overall office development, according to the local offices of agents Richard Ellis.

In the city's banking area, there is strong interest in refurbished property in the range of 3,000 to 25,000 sq ft, and rentals of £5 to £6 a sq ft have been obtained, while similarly good demand has been experienced in Liverpool.

Major refurbishment projects in Manchester include Brook House, a 40,000 sq ft development by Property Holdings and Investment Trust, while in Cross Street a large shop and office refurbishment has been undertaken.

In the Birmingham area there has been a decline in the amount of office refurbishment work as a result of worsening demand in the past few months, a reflection of the serious economic problems of the region.

One of the largest projects completed recently was 23,000 sq ft in St Philips House, for Scottish Equitable, which has yet to be fully let, while Broadgate House in Broad Street has been refurbished for British Rail, providing 100,000 sq ft.

According to Birmingham agents Chesshire Gibson, the most successful refurbishment work carried out recently was in Colmore Row, where a number of smaller Georgian and Victorian properties were improved to a high standard.

These appealed to companies and professional concerns which wanted their own front doors and properties of character, and have been let at the highest rents achieved in Birmingham, of up to £7 a sq ft.

A project now being undertaken in Edgbaston by J. S. Bloor will provide 23,500 sq ft in six refurbished Regency houses, due for completion in mid-1983. They will be reconstructed with existing frontages and be let individually, probably at high rentals in this popular area for professional companies.

In the industrial property sector, there has been a recent upsurge in the market for freehold refurbished units of small to average size, according to Chesshire Gibson. A number of West Midlands developers have seized on the opportunity created by the large amounts of older property coming on the market, and virtually created new demand.

They have provided a range of smaller factory premises, some refurbished to a high standard, others only basic divisions of existing factories, and Chesshire Gibson has handled nearly 70 of these in the past three months.

Strong demand is attributed to the desire of many companies to own their own premises rather than suffer continual rent increases, and the low prices which are being asked at present. The future asset value of these premises is also a consideration.

In some circumstances, where space is being offered with the bare minimum of services, the companies concerned are prepared to make improvements themselves in their own time, and this type of deal is being seen in other parts of the country where there is an oversupply of older buildings.

In Southampton, one of the more active cities in the south of the country, the lack of new office development has also led to the conversion and refurbishment of suitable period houses, which have been commanding rental premiums.

However, there is still excess office capacity in the city and some blocks built four or five years ago are still not fully let. Rentals for good quality space are now between £4.50 and £5 a sq ft.

Overall, refurbishing in the regions has suffered a setback as a result of recession and the increasing amount of new office property which is proving difficult to let, but there is evidence that it is meeting a demand for a different kind of property.

This appears to have been created to some extent by the recession, but with the growth of smaller companies now seen as an important factor in recovery, it could be the beginning of a long-term trend.

Lorne Barling

New interest in French market

WITH HARDLY any new office space available in central Paris and only a few square metres left in the business centre of La Defense, virtually the only way one can obtain modern business accommodation in the French capital nowadays is to refurbish existing property.

Yet, so far, there has been relatively little work done in this field. There have been major rebuilding operations such as Les Magasins du Louvre at Palais Royal by the Post Office Pension Fund and the Figaro building on the Champs Elysees by Heron, but actual refurbishment has been limited to only three or four sizeable projects every year.

One reason for the reticence of investors to put their money into this sector has been the high risk element.

"When you start out on a refurbishment project, you never really know how much it will cost and bankers don't like that," observes Charles Spencer Bernard of Weatheralls.

Another factor is the limited amount of suitable property available and the high prices demanded by the owners of such offices. According to Stephen Spratt of Richard Ellis, most owners are not prepared to reflect the cost of refurbishment in their sales price.

The market has been particularly quiet since the arrival of the Socialists, last May. Not only has there been less demand for office space, but left-wing politics and high interest rates have discouraged investors, according to Alain Bullot, chairman of the French refurbishing company, Corame. French institutions have been under pressure to put their funds in other areas, such as Government stock; when promising refurbishment projects have come up, the Paris city authorities have often intervened to keep the space available for Government offices.

Opportunities

But there are now signs that the refurbishment market may at last be taking off. With the easing of interest rates, French insitutions ar beginning to look for investment opportunities and the interest of British and Middle East investors is picking up.

"We have recently sent out letters to the main agents here expressing our intrest in renovation situations," says Heron's European director, Mr Frank McCaffrey.

Mr Bernard of Weatheralls cites a client who is planning to sell his office space in La Defanse and put it into refurbishment projects in central capital. And as Mr Robert Lipscombe of Jones, Lang Wootton remarks: "In a difficult economic climate, institutions prefer to stick to prime sites in city centres rather than venture out into ne wtowns or the provinces."

A factor in this new interest has been the arrival on the market of several larga office blocks in central Paris as a number of companies have decided to occupy the last remaining square metres available at La Defense.

The best example is the Rhône-Poulenc headquarters in Avenue Montaigne, acquired by Kuwaiti investors and the French merchant bank, BPGF. French television has already let 18,000 sq metres at between FFr 1,400 and FFr 1,500 a sq matre; Richard Ellis is close to letting two smaller units and has renovated a third with the hope of getting as much as FFr 1,800 a sq metre. Other offices that are likely to become available during the next few years are those of Elf Aquitaine, IBM Europe and First National City Bank.

The most active company on the Paris refurbishment scene is undoubtedly the French Sicomi Unibail which is prepared to spend FFr 4,000 to 6,000 a sq metre on prime sites such as 137, Faubourg St. Honore, 5 rue Royale and rue St. Annes. With rentals of as much as FFr 1,500 a sq metre, its chairman Jean Menyal claims he is able to get a return of 7.5 to 8 per cent.

Unlike other institutions, Unibail does not rely on outsiders for its refurbishing work.

Among other recent renovation projects carried out by French institutions are the 3,000 sq metre offices at 76 avenue Kleber by UIS and the Champs Elysees sites—116-118, by GAN and the Claridge Building by UAP.

Richard Ellis and Jones Lang Wootton are looking for an investor ready to pay FFr 38m for 1,200 sq metres in the Place Vendome which belongs to Bank of America; considerable interest is being shown in the Samaritaine de Luxe building in Boulevard Capucines with its 6,000 to 7,000 square metres of possible office space.

According to Bullot of Corame, refurbishing can cost anything from FFr 1,000 a sq metre for minimum improvements up to FFr 5,000 or more.

Michael Parrott

REFURBISHING III

FOR the renovation of its own London office, Building Design Partnership has used "uplighters."

Light sources, which are housed within the Swiss Haller furniture system, are beamed upwards to reflect off the ceiling. Uplighters provide a high quality, glare-free environment. The uplighters used are the SON-DL high-pressure sodium lamp and the mercury halide Kolorarc, manufactured by Thorn Lighting.

Paul Hannon examines refurbishment trends in West Germany

Healthy long-term prospects

REFURBISHMENT in West Germany is characterised by contradictions and ironies. In one sense, commercial refurbishment bardly exists, while on the other hand, the entire coontry has undergone an extensive "refurbishment" in the last 30 years.

The country bas raced headlong into new building projects, yet hundreds of millions of Deutschmarks are spent annually on city centre restoration schemes. Ironically, commercial refurbisbment in some centres (eg, Frankfurt) does not attract local interest, but must rely on foreign groups, notably banks, to provide the market.

Old, graceful buildings with elaborately plastered high ceilings, fail to impress many Germans as places of work, yet the City fathers of Frankfurt were prepared to spend DM 150m ($63m, £34.8m) on the complete rebuilding of the century old bombed-out opera house in the city centre.

The German skills of rebuilding from the ruins were put to the test during the past three decades, yet the commercial acumen and architectural insight necessary for a successful refurbishment are lacking.

Christopher Bull-Diamond, of Weatberall Green and Smith in Frankfurt, explains: "The British are far better at refurbishment than the Germans —partly because we've had more experience at getting the numbers right.

"We know where a coat of paint will suffice, while our German counterparts are keen to tear out the insides of a building. They want the refurbishment to stand solidly for 100 years, while we are content to see a building get a 10-15 year lease of life.

"The German quality of finish is not as good as ours. They have a lot to learn from us bere also," he adds.

The West German refurbishment market is best viewed in comparison with the new build market where demand is slack, a relatively small amount of new space is due for completion this year and top rents are pegged for the next 12 months or so at DM 30 per sq metre per month (approximately £8.20 a sq ft per annum). Yields currently stand at 5 per cent to 5¾ per cent.

Just as new building schemes vary from city to city, so too does refurbishment. Much depends on the amount of hombing sustained during the war and the sale of subsequent recovery. Hamburg, Munich and Stuttgart are locations wbere there is a more willing acceptance of refurbishment, while Frankfurt lags behind.

Distortion

The thorny question of Berlin and its greatly reduced hinterland has distorted the natural develoomcnt of the Berlin property market. With limited space for expansion and impressive Federal grants and incentives fnr industrialists to locate there, Berlin cannot be considered typical of the broader German property market.

The future for refurbishment is nevertheless considered bealthy according to Chris Bull Diamond. "Tbe German construction industry is extremely competitive at the moment—some would suggest precariously competitive—as a result of the slowdown in the domestic economy with the consequent cut in profitability." he says.

"Minimum new construction costs of new office development are DM 450 per cubic metre or DM 1,600 sq metre, gross. A renovation programme will cost approximately DM 1,000 sq metre," be claims.

With all renovations, air conditioning is a highly emotive topic. In cities such as Frankfurt, air-conditioning is considered essential in the top end of the office market because of the presence of a large international banking community. But running costs alone can prove to be the deciding factor. A monthly charge of DM 3 per sq metre is normal.

On a comparative hasis, an average German service charge (including energy and cleaning services) of around DM 16 per sq ft a year is slightly less than half of the basic rental costs, whereas London services costs of approximately £7 per sq ft a year represent slightly more than one-quarter of the basic rent.

Furthermore, the attitude of the German workforce must ba bornc in mind. While the institutional investor and the foreign client may insist on air conditioning (and thus add 10 per cent to the rental cost), German employees do not like artificial environments. For them it is imperative to be able to open a window—a costly exercise if the air-conditioning is running at full strength. In some cases, a partial air-conditioning system can provide the flexibility (and only some of the running costs) that refurbished properties need.

In general, the prospects for commercial refurbishment in the future are good. Office development in prime locations will conitnue to find clients and as time passes a larger portion of German companies will move towards refurbisbed properties. Tbe main consideration is the state of the economy, its rate of inflation and average wage settlements (both in the 5 to 6 per cent band), the international competitiveness of German groups and the continued growth of Germany as a world trader.

Once the German economy moves out of its relatively mild "recession," the demand for industrial property will improve. The industrial refurbishment market is virtually non-existent due to the large amount of available space (current rents of DM 7 per sq metre per montb) and the inability of local German contractors to handle such a "specialised project."

One particular hright area is combined retailing/office space. With rentals of DM 200 per sq metre per month obtainable in the best sbopping districts in the major urban areas, the potential for converting unusable second or third floor retail space into office accommodation is immense.

There is intense demand for retail units of approximately 100 sq. metres, even in smaller cities (with rentals touching DM 125 per sq metre), so it is likely that this particular area will show some dynamic growth in the coming years.

It is likely, too, that foreigners, particularly the British, will pnsh the market along hoth in terms of demand for refurbished space and in providing the necessary specifications to make the project commercially viable.

The West Germans, already one of the most legislated people in the world, are tightening up their planning codes making new development schemes more difficult to pass. Some buildings, approved even three years ago, would he turned down today for not hlending in more with the existing environment. An urge to preserve whatever and wherever possible is increasing. The days of rebuilding Goethe's house—down to hand-printing identical wallpaper—have not left Germany. It is in this atmospbere that refurbishment will succeed eventually.

Demand for refurbishment projects in Amsterdam is now in decline

Big cutback in Dutch schemes

WITH 7,000 listed monuments lining its canals and narrow streets, Amsterdam is a city whera refurbished property makes a significant contribution to the total building stock. But while a number of key schemes ara still going ahead however, interest in their solution to the problem of finding city centre office space has fallen off from the peak a few years ago.

Following a wave of renovation projects, (often British-inspired), on 17th century merchants houses in the early 1970s, the attention of developers over the past few years has focused on more recent buildings.

Notable refurbishment projects include the Hirsch Building, overlooking the pedestrianised Leidseplein on the southern edge of tha city centre.

Offering nearly 7,000 sq metres of office space and 1,500 metres of shops, this building was fully rented before work was completed. But, Mr Guy Vie of Zadelhoff, a major Dutch agent, points out the Hirsch Building offered a favourable position on the edge of the traffic-clogged canal area, its own car park, and it was completed in a more buoyant market.

On the market

The Groote Club Building, overlooking the Central Dam Square is currently on the market following a major renovation. The ground floor shop space bas been let, partly to Rabobank Buee Nederland, hut while interest has been expressed in the 3,200 metres of office space, no contracts have been signed.

The Hollandia building, on the square in front of Amsterdam Central Statinn, was destined for demolition until, partly on cost grounds, a decision was taken to renovate. The city land registry took over the entire 5,000 metres while building work was going on.

The amount of refurbishment under way is now only a fraction of the level of 10 years ago and probably accounts for about 5 per cent of the total property market, according to Mr Peter Bouman, also of Zadelhoff. The high cost of renovation, often greater than building from scratch, and high rates of interest, mean no one is now prepared to start renovation work without a guaranteed tenant.

"I would not advise an investor to refurhish a property," says Mr John Sellenraad, director of the Amsterdam branch of Savills. "A thorough renovation does not earn back its costs in extra rent. I would advise a simpler smartening up operation."

Investors can afford to be selective given the fairly large choice of property available, and renovation inevitably means the property will stand empty for a time, he says. Renovation also frequently throws up unexpected problems. Pillars shown on the original architects drawings are missing, hut appear elsewhere in an unexpected position.

The effect of the economic recession on the property market has meant developers who do decide to renovate carry out work in stages, as they find tenants. Zadelhoff has prepared a small area of the Groote Club to show prospective tenants what could he done but are not completing work on the entire office space until contracts have been signed.

Banks, particularly those from abroad, and insurance companies, are traditionally tenants for the modernised merchants houses lining the canals.

The inflow of foreign banks has now practically dried up, but despite the traffic problems which bave driven many companies to establish offices on the fringes of Amsterdam, prime city centre sites, wheher for renovated or new property, are still in demand.

Charles Batchelor

Much potential for refurbishment in Belgium

Labour costs are among the world's highest

ALTHOUGH THERE is very little demand for refurbishment in Brussels at tbe moment, specialists agree tha there is a vast potential which will develop over the next few years when the 20- to 25-year leases expire on buildings which were hastily constructed in the 1960s.

Many of these buildings are not only proving too inconvenient by modern standards but they also dn not conform to today's higher safety requirements. The availability of office space will put the lessee in a strong bargaining position, while the owner will have to refurbish in order to find tenants.

There is now more than 300,000 sq metres of office space on the market in the main business areas of Brussels. Nearly 50,000 sq metres is brand new; and although 145,000 sq metres were let in 1981, this represented a drop in the market of 20 per cent over 1980.

At the same time, low office rentals were causing prospective investors to hesitate before laying out considerable sums in refurbishing when returns were so low. While 5,000 sq ft of high standard, air-conditioned offices cost £24 per sq ft rental in London or £14.06 in Paris, the figure for Brussels was only £4.97—"the Capital of Europe is cheaper than Glasgow," commented one agent.

However, after years of laissez-faire attitude by Belgian authorities, the pressure brought by powerful corporations to demolish rows of town houses and replace them with glass and steel towers, is being replaced by a policy of conserving the facade while reconstructing interiors to meet modern needs. But as Belgian labour costs are among the highest in the world, this is a solution that can only be adapted to prestige buildings under a conservation order.

While retaining the classical exterior of this Ministry building in the Place de Brouckère in Brussels, the interior was totally rebuilt at a cost equivalent to BF31,500 (£366) per square metre. The 13,500 sq metres of space in the building includes offices, shops, residential and commercial areas

In an effort to stimulate the stagnant building industry, the Belgian Government has recently announced that it is reducing VAT from 17 per cent to 6 per cent. With an estimated 600,000 sq metres of property in need of refurbishing and likely to come on the market in the next few years, these lower VAT charges, together with the devalued Belgian franc, may make the prospect of refurbishing property more inviting and open up a large, dormant market.

Juliet Bourgonin

REFURBISHING IV

'Fitting-out' cost index

	Quantity	Base cost 1.4.79	Budget cost 1.3.82	% increase
		£	£	
Floor trunking	100 metres	6,500	9,181	41.1
Suspended ceiling	490 square metres	8,000	11,605	45.1
Ceiling lighting	490 square metres	9,000	12,373	37.5
Carpet tiles	490 square metres	6,500	8,706	33.9
Demountable partitioning	53 metres	7,000	9,231	31.9
Decorations	—	2,000	2,778	38.9
Blinds	28	2,000	2,576	28.8
Builder's preliminaries and profits†	—	9,000	10,745	19.4
Total cost		50,000	67,185	34.4
Cost per square metre		£102.04	£137.11	
Cost per square foot		£9.48	£12.74	
% increase per month				0.98
% increase per annum				11.76

† Including attendance and overheads.

The above prices are based upon a firm price three-month building period executed by a medium sized building contractor.
Source: Space Planning Services, Hillingdon, Middlesex.

A GOOD TIME TO REFURBISH

THREE years ago office planning consultants Space Planning Services introduced their Fitting-Out Cost Index which measured the effects of inflation and other building industry conditions on the costs of fitting out a "typical" building.

The elements needed to fit out one floor of a hypothetical 27,000 sq ft, five storey office block, typical of modern speculative building have been considered. It is assumed that the floor area is 490 sq m, (5,300 sq ft), and consists of a bare concrete shell, with opening windows, central heating and trunking for services at the perimeter. Although the average increase since SPS's index was first published is running at over 30 per cent, the rate of increase has slowed down considerably in the last nine months or so.

"With the continuing pressure on contractors to keep costs down in a recessed market, there has rarely been a better time, financially speaking, to consider a fitting out exercise," commented Mr Roger Henderson, managing director of SPS.

According to the index, the average monthly increase is currently less than 1 per cent. This includes allowances for material cost adjustments and sundry labour increases, all of which have been tempered by a reduction in builders' and contractors' profits, preliminaries and overheads. The relatively small overall increase reflects a trend which is likely to continue well into 1982.

Specifications depicted in the tables are not meant to represent the optimum, but merely to establish a common basis for comparative pricing.

● When, in 1976, Blue Circle Industries decided to restructure the way in which its business was managed, they realised that the London headquarters building imposed severe constraints when it came to implementing the re-organisation.

The complex programme of replanning 11 floors of Portland House in Stag Place, Victoria, was undertaken by Space Planning Services.

Portland House is a typical 1960s speculatively-designed building, and space was arranged as a series of cellular offices opening onto windowless corridors. Now each floor provides a flexible mix of planned open space with some private offices and a higher standard of working environment (above right).

Blue Circle Industries' replanned offices at London's Victoria

William Cochrane on one way to project corporate identity

How to build up prestige

INTERIOR refurbishment is a combination of the functional and the aesthetic. Distinctions exist between these two aspects, but it is probably wrong to make them when the project is being carried out for an institutional owner seeking to maximise his return with a new (and probably as yet unfound) tenant, higher rents and a higher capital value for the building.

So says William Woodward-Fisher of the estate agents, Chestertons, who are currently doing extensive refurbishment work in Russell Square in central London's Bloomsbury area. Floor loading, air conditioning, lifts, staircases, lavatories, kitchen facilities, a proper telephone system and a telex may all be major requirements. But, says Mr Woodward-Fisher, "finishes are very important to get the right sort of tenant."

However, emphasis can vary, and there are striking differences in the aspects highlighted by two firms of international design consultants on two very different jobs in the City of London—both, interestingly, on behalf of the occupiers.

The 1977-83 renovation programme of Unilever House on Victoria Embankment opposite Blackfriars Bridge is a massive and comprehensive undertaking. The main objectives are: to increase the area of first-class office space, with improved light and new air-conditioning; to make greater use of large under-utilised areas; to renovate essential services and plant; and to give a spectacular treatment to the inside of the building, devised by interior design consultant Theo Crosby of Pentagram, with a theme relating closely to the original Art-Deco styling.

A touch of romance

Companies that go in for refurbished buildings generally want a prestige product which projects something of their own corporate personality. Mr Crosby sees "romance and richness" in Unilever, which has underlined this with the use of marble, oak and glass in a striking new entrance hall.

It is probably worth pointing out that Unilever is the owner of the building, as well as the occupier. The choice of materials for the work was influenced not only by the wish to create authentic Art-Deco, but by the durability of oak and marble, in particular.

"Most people nowadays," says Mr Crosby, "take a short-sighted view of the building and the choice of materials used. It is rare to find a company with the foresight to invest in the best materials, which will eventually repay the expense of the original outlay. After all, oak and marble were first used in Unilever House 50 years ago, and they have lasted remarkably well."

On the other side of the City, consultants Fitch and Co. also sought "a strong corporate expression" in the space planning and interior design of 17,000 sq ft of open plan office space for the American Express Bank International Group's offices at Moorgate.

Amex wanted something that was neither flashy nor boring. It needed to appear established, to know the business it was in and to project "a low-key excitement," according to Fitch director Richard Austin.

But Fitch approached the project from a different angle. Planning what Mr Austin describes as a targeted refurbishment—"aiming to make other people's businesses better through 'focus,' or going in depth into a particular subject"—Fitch would tend to have a lot of meetings with a typical client, simply to get the numbers right.

How much the client wanted to spend, how many people he wanted to fit in, what kind of people they were, how they would relate to each other in terms of paper flow, verbal communications and the work-flow pattern in general—all these factors would establish the problem for the designers to solve.

Fitch went through this process with Amex, determining the type, quantity and distribution of work zones, located to ensure minimum movement of paper and personnel within the area, as well as presenting the various banking functions in a logical manner.

Then the job moved on to furniture, the style of the interior, communications facilities, lighting and a fourth floor computer suite. The computer needed substantial amounts of power, the floor across 99 per cent of the area was raised to accommodate the cables and computer links, and the environment was controlled in terms of temperature, humidity, dust-free atmosphere and sound-proofing, to prevent malfunctioning in the computers' operations.

"A lot of work has to go in at the front end to get the back end right," says Mr Austin. Judging by the comments from Amex and Unilever, the consultants' role in both cases was highly appreciated.

Getting back to the hard economics of refurbishment for the investor, Mr David Pickford, managing director of Haslemere Estates—the property company whose name is virtually synonymous with refurbishment—starts by contrasting function with style.

With new buildings, he says, there is a big demand for functional space. Developers work to a very accurate module, so that the occupier gets offices 8 ft, 12 ft or 16 ft wide. Restoration is not necessarily functional, but it is prestigious. "People," says Mr Pickford, "like that prestige, with their own front door, their own building, their own identity—and they are willing to pay for it."

Air conditioning

That means the user is prepared to sacrifice convenience in the form of functional "boxes" of office space. However, he points out, the degree of sacrifice depends on the size of the job. For example, even with small offices the developer can fit in air conditioning in the form of compact, individual units; with big buildings, false ceilings can be fitted to accommodate the trunking of a full air-conditioning system.

William Woodward-Fisher of Chestertons is inclined to doubt the value of air conditioning in a traditional refurbishment. "It is very expensive," he says, "and I don't think that it would uplift the rent by very much."

However, Chestertons partner Robin Salmon echoes Mr Pickford's views on the connection between prestige and what people will pay for it. "In a new building," he says, "the tenant might be happy with 100 sq ft per person. With a refurbishment, he might have to settle for 150-200 sq ft, or more."

A variety of management contracts can now be found

Keeping an eye on those costs

REFURBISHING PROBLEMS 1

ONE OF the most important advantages of refurbishing is the limited loss of rental income which can be achieved through fast completion of a project, but this often depends on finding the right contractual arrangements with the various parties involved.

A number of refurbishing specialists, notably some of the medium-sized companies operating mainly in London and the south-east, have recently been offering a new type of management contract which ensures that work starts with minimal delay. Many are variations on the fee system pioneered by Bovis some years ago.

This is particularly suitable for work on older buildings where unforeseen problems can sometimes cause delays and increase costs, since the company which takes the management role provides a fixed cost at an early stage.

John Lelliott, which was probably the first to offer this type of package, has set up a special division to deal with its so called "management fee" work. The basic advantage of the scheme is a reduction in the pre-contract period, which can be a quarter of the time needed for tendering, according to the company.

A client is free to choose his own contractor, while Lelliott will work with the client's consultants from an early stage, and the construction manager will liaise with the architect at the design stage to ensure that the client's requirements are achieved as economically as possible.

The team which emerges will work closely with the professional quantity surveyor to produce an initial budget, followed by an estimate of prime cost. The management fee is then added, covering the cost of preconstruction service, overheads and profits for managing the whole project.

"This fixed fee form of prime cost contract gives the client the benefit of knowing the target cost of the contract from the very early stages. The management fee contractor then ensures that the target costs are not exceeded throughout the contract duration," Lelliott said.

A modified version of this contract also allows the client to make changes during the work period, a considerable advantage on older buildings where problems with the structure cannot always be foreseen.

In this contract, the estimated prime cost is replaced by a so-called initial target cost (ITC), which can be adjusted by the amount of variations introduced. Each adjustment is agreed between the client's quantity surveyor and Lelliott.

Final target

After all adjustments, the total becomes the final target cost and on completion of the contract the actual cost is again agreed with the quantity surveyor. However, if the actual cost exceeds the final target cost, the difference is borne by Lelliott, a strong incentive to keep costs down.

If, on the other hand, the actual cost is less than the target cost, the savings achieved are shared equally between the two parties. Lelliott estimates that this system can save a client four to six months on the refurbishment of 50,000 to 60,000 sq ft of offices, although much depends on circumstances.

It is also stressed that this type of contract is not suitable for all work, since it may be more suitable on occasions for a client to use a management only contract, which many of the larger building companies will offer.

A number of other companies operating in the London area will consider this type of contract, among them Trollope and Colls (City). Mr Patrick Trollope, managing director of the company, stressed however that there were other means of getting work on site started quickly.

Overall, he believed that present market conditions offered great advantages, since contractors were generally looking for work and would therefore offer fast completion at prices which would not be at such a low level for very long.

The dangers

There were also dangers inherent in the market, however, since an upturn in costs could mean that contractors who had accepted low margins or "bought" work to maintain their work force could be in trouble.

It was neither in the interests of the client nor the contractor to be tied to a contract which meant severe difficulties for either party, and Mr Trollope urged caution in this respect. For example, selective tendering could assist in finding the right type of contractor.

Although he did not believe such a rapid change in market conditions was very likely, Mr Trollope pointed out that interest rates had fallen sharply in the past few weeks and this could stimulate an increase in activity.

The type of contract available to refurbishing companies at present varies widely, from major undertakings on large buildings valued at £20m and more, to a considerable number of smaller jobs of less than £1m, which often involve the improvement of 10- to 15-year-old buildings through the installation of air-conditioning, double glazing and relatively minor improvements.

In the suburban areas of London and out of the capital there has been increasing interest in the potential of typical High Street low-rise buildings, which tend to present problems because ground floor space may command good rentals, while upper space is of little value due to its limitations in size and location.

There are other areas of incompatibility, since prime locations for offices, shops and residential buildings are of course different, and there is a high proportion of wasted space in each of these categories as a result.

While some attempts have been made to refurbish buildings for multi-purpose occupancy, such as with residential premises above shops, this has met with only limited success. However, with refurbishing costs at a low level in most suburban and regional areas, and housing demand still high, there is clearly scope for some work of this kind.

Overall, the most successful approach to this is the traditional purchase of adjoining properties to form a block which can be redeveloped, although this is generally through rebuilding rather than refurbishing.

In most cases, however, demand and supply of shops tends to ignore the potential of upper floor space and it continues to be used for storage and other purposes which hardly justify the cost in overheads.

Some provincial towns have seen the wholesale redevelopment of shops such as these, which have been replaced by well planned shopping arcades, mezzanine floors and other means of attracting shoppers off the ground floor.

Successful refurbishing of admittedly fine buildings for shopping purposes has been seen in Covent Garden, and there are certainly opportunites for this kind of improvisation elsewhere in the country.

Lorne Barling

GARDENS TODAY

Whitebeam and Metasequoia

BY ROBIN LANE FOX

I HAVE just planted my last trees this season and if the spring is not too dry, I am confident they will grow away smoothly. They are varieties from two families which any gardener *would enjoy*. They are not difficult, but they are less widely planted than those ordinary flowering cherries.

In late April, there is no mistaking the beauty of the whitebeam. This is a noble tree, to be found by the name of Sorbus in a family which includes the *rowans or mountain* ashes. It belongs above all on lime soils, although it will grow well enough on neutral ground which can take a few azaleas. It is native to Europe and Britain, and is almost indestructible if you plant it firmly in a well-dug soil. It would *take a* hurricane to break *its* branches. The snow never bothers it and the fumes from traffic will only coat it with a layer of dirt.

Do not be deceived by the so-called Swedish Whitebeam, or Sorbus intermedia, as its leaves are grey-green on their undersides and do not give you the white flush of a true whitebeam which is opening its new leaves.

Look instead, for the forms of Sorbus aria whose names are still a muddle. Chrysophylla is self-explanatory, to gardeners who know Greek, a whitebeam which is really a yellow-beam as it has a golden yellow tone to the young leaves. I rate it with other yellow variations on familiar grey plants, the yellow-leaved Jerusalem Sage or the yellow form of that felted Helichrysum petiolatum. These yellow variations are not to my taste.

White, after a fashion, occurs on the two most common whitebeams, the plain aria and the special aria majestica whose leaves are far bigger, up to six inches in length.

Just to confuse you, majestica also goes by the name of descalsnca. Of the big whitebeams this tree with a double identity is certainly the best. Its leaves are too big at maturity for any plants to survive beneath them, so they must be given their head in a park or field, a big lawn or along the edge to a drive. After ten years, you *may* wonder *whether* the figures for its eventual height are correct. Another decade will prove its power, and leave you with a tree over 25 feet high and 20 feet wide. Eventually it will top the 50-foot mark.

Majestica, then, is not the *best whitebeam* for most of us. I used to think that the upright form of one called thuringiaca was a possible alternative. I saddled my limited garden with two good trees of it, but I now admit that they are poor substitutes, showing a dull grey-green for a week or two while they *open their* serrated *leaves*. Avoid this error. Instead, insist on the whitebeam called aria lutescens, because this variety is doubly white.

It shows the same grey down and colouring on the upper and lower sides of its leaves. The first freshness fades by late May, but the ribbed leaves remain among the paler shades of green until they eventually turn a burnt brown-orange and fall off in autumn. After 20 years, it will be 15 feet or so high, and about 10 feet in diameter. You could plant a whitebeam walk with the tree every six yards or so.

Against the exceptional whiteness of lutescens, you notice the bunches of fluffy white flowers in early May, a prelude to the small red berries which appear like pellets in autumn. Neither the flower nor the berry is more than an added touch of interest.

Lutescens, then, is my firm choice but I would like to see more interest in the weeping whitebeam called aria pendula. Last year, I met my first mature specimen of this in a big Sussex garden and thought it better value in most places than its only weeping silver rival, the weeping lime. It is tougher, less prone to disease and those sicknesses of the leaf which can make the lime a disappointment.

At maturity, the whitebeam is not so enormous. Like most weeping trees, it should be *isolated where its form* can be appreciated from all sides. It would be spectacular against a dark background and if you have such a site at the far end of your lawn, Hilliers of Winchester would sell you one.

For differing soils, I would remind impatient gardeners of my other recent *planting*, the Metasequoia. While planting one last week, I reflected how little impact this remarkable new conifer has made on British gardens. It is an upright tall tree, whose finely-cut green leaves are slightly similar to a yew's and even more similar to that glorious conifer, the swamp cypress.

It is not a good tree for sandy or chalky soil. Although it will grow almost anywhere, it much prefers deep earth which stays damp. In its favourite conditions, it will race ahead and put on 40 feet in only 20 years. It is a thin feature which will take up less width than a well-grown Christmas tree.

The Metasequoia was new to our gardens in 1947, but its rediscovery was lost on those years of post-war austerity and it has not yet been given the mass welcome which it deserves.

Its story is most peculiar. In 1941, the family was first described by a Japanese botanist who had no more proof of the tree's existence than the evidence of early fossils. Unknown to him, a Chinese gardener had also found it in the same year, growing wild in a small pocket of dry and rocky territory on the north-East borders of Szechwan.

The evidence of fossils and forests coincided, proving the extreme antiquity of the garden's latest gain from nature. Metasequoias were as old on this earth as dinosaurs, adorning an age when the world's great trees were the ginkgo and magnolia, a sight for which I would volunteer to become a cave-man.

Three years later, the Metasequoia reached western botanical gardens where its light green leaf and brown autumn colour soon caught the nurserymen's attention.

Not many conifers are so civilised and few well average 2 ft of growth a year without looking top heavy. If you want to economise, you can grow one *from* a *softwood* cutting, taken off someone else's tree in July or August. These cuttings root with astonishing ease. Beside a whitebeam, this ancient tree would look very handsome, one of the few great discoveries during World War II. It ought to be in every garden centre, and while it is still a special pleasure, at least give it a go as an upright specimen tree.

TELEVISION

Chris Dunkley: Tonight's Choice

Two notable series begin on BBC-2 tonight, starting at 6.45 with the first episode in a repeat of the 13-part series The Ascent Of Man. Broadly conceived as the series that would do for the sciences what Kenneth Clark had done for the arts in "Civilisation," it was first shown in 1973. The late Jacob Bronowski who wrote and presented it explained that he dropped his other commitments to undertake the huge task because: "Television is an admirable medium for exposition in several ways: powerful and immediate to the eye, able to take the spectator boldly into the places and processes that are described, and conversational enough to make him conscious that what he witnesses are not events but the actions of people . . . knowledge in general and science in particular does not consist of abstract but of man-made ideas." He was a true humanist and that above all gives the series its values.

At 10.10 H. C. Robbins Landon presents the first of his brand new seven-part series Haydn Festival which celebrates the 250th anniversary of the composer's birth. Joseph Haydn became the most popular composer the world had ever seen, and one of the wealthiest. But at the start he almost starved, and once said of himself "What I am is the result of dire necessity" which gives tonight's episode its title.

BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 12.30 pm *News After Noon*. 1.00 Pebble Mill at One. 1.45 Chigley. 2.00 Men v Women (International Golf Challenge: Nancy Lopez-Melton v Severiano Ballesteros). †2.50 "Son of Kong," starring Robert Armstrong and Helen Mack. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Secret Squirrel. 4.25 Jackanory. 4.40 Take Hart. 5.00 John Craven's Newsround. 5.10 A Little Silver Trumpet.

5.40 News.
6.00 Regional News Magazines.
6.25 Nationwide.
6.50 Rolf Harris Cartoon Time (London and South East only).
7.20 Wednesday Film: "Countdown," starring James Caan, Joanna Moore, and Robert Duvall.
9.00 Party Political Broadcast by the Conservative Party.
9.05 News.
9.30 Sportsnight: A Personal View: Ron Greenwood talks about his 50 years in football and his hopes for this year's World Cup in Spain; European Championship Boxing from Wembley.
10.20 Parkinson and his midweek guests.
11.18 News Headlines.
11.20 A Question of Guilt — strange case surrounding Constance Kent.

BBC 2

6.40-7.55 am Open University.
10.20-10.45 Gharbar.
11.00-11.25 Play School.
12.30-1.20 pm Open University.
3.55 Landscapes of England.
4.20 Dwarka in London.
5.10 The Church of the Madonna Di San Biagio.
†5.40 Laurel and Hardy in "Hoosegow."
6.00 The Water Margin.
6.45 The Ascent of Man.
7.35 News Summary.
7.40 The Master Game.
8.10 Chronicle.
9.00 M*A*S*H.
9.25 Nancy Astor.
10.10 Haydn Festival.
11.00 Party Political Broadcast by the Conservative Party.
11.05-11.55 Newsnight.

LONDON

9.30 am Barney Google, and Snuffy Smith. 9.40 The World We Live In. 10.05 The History Makers. 10.30 The Business of Extinction. 11.25 Paint Along with Nancy. 11.55 The Bubblies. 12.00 Windfalls. 12.10 Rainbow. 12.30 Movie Memories. 1.00 News plus FT Index. 1.20 Thames News with Robin Houston. 1.30 Crown Court. 2.00 After Noon Plus. 2.45 The Six Million Dollar Man. 3.45 Definition. 4.15 Dr Snuggles. 4.20 Animals in Action. 4.45 Murphy's Mob. 5.15 Mr Merlin.

5.45 News.
6.00 Thames News with Andrew Gardner and Rita Carter.
6.25 Help! with Viv Taylor Gee.
6.35 Crossroads.
7.00 Where There's Life . . . .
7.30 Coronation Street.
8.00 This Is Your Life Special: Eamonn Andrews invites you to join him for an extra special hour-long edition.
9.00 Minder, starring Dennis Waterman and George Cole.
10.00 Party Political Broadcast by the Conservative Party.
10.05 News.
10.35 "The Sex Symbol," starring Connie Stevens and Shelley Winters.
12.30 am Close: Sit Up and Listen with Tony Bridge.

† Indicates programme in black and white

All IBA Regions as London except at the following times:

ANGLIA

9.30 am Cartoon Time. 9.45 Clegg's People. 10.10 A Drop in Your Hands. 10.35 The New Fred and Barney Show. 11.00 Challenge: The Canadian Rockies. 11.50 Wattoo, Wattoo. 1.20 pm Anglia News. 2.45 Trapper John. 5.15 Happy Days. 6.00 About Anglia. 12.35 am The Big Question.

BORDER

9.35 am Sesame Street. 10.35 Film: "Oliver Twist" (cartoon). 1.20 pm Border News. 2.45 Bracken. 5.15 Radio. 6.00 Lookaround Wednesday. 12.35 am Border News Summary.

CENTRAL

9.20 am 3-2-1 Contact. 9.50 Venture. 10.15 Portrait of Power. 10.40 The Electric Theatre Show. 11.10 Big Shamus, Little Shamus. 1.20 pm Central News. 2.45 The Last of Summer. 5.15 Radio. 6.00 Crossroads. 6.25 Central News. 10.35 Reporter of the Year. 11.10 Replay: "The Untouchables," starring Robert Stack.

GRAMPIAN

9.25 am First Thing. 9.30 The Children's Matinee: "The Story of Jacob and Joseph." 11.05 Golf: U.S. v The Rest of the World. 1.20 pm North News. 2.45 The Great Depression. 5.15 Survival. 6.00 North Tonight. 12.35 am North Headlines.

GRANADA

9.30 am The Coral World. †10.15 Wednesday Matinee: Stewart Granger and Phyllis Calvert in: "The Magic Bow." 12.20 pm Mr and Mrs. 1.20 Granada Reports. 1.30 Exchange Flags. 2.00 Crown Court. 2.30 The Sound of Marian Montgomery. 2.45 The Great Depression. 6.00 This is Your Right. 6.05 Crossroads. 6.30 Granada Reports.

HTV

9.40 am Beachcombers. 10.05 "Deadly Game," starring Andy Griffith. 11.35 International Bowls. 1.20 pm HTV News. 2.45 Fantasy Island. 3.45 The History Makers. 5.10 Ask Oscar! 5.20 Crossroads. 6.00 HTV News. 6.30 Give Us a Clue. 10.33 HTV News.

HTV CYMRU/WALES—As HTV WEST except: 12.00-12.10 pm Ty Bach Twt. 4.15 Mr Merlin. 4.45 Y Rhailffordd Gudd. 5.10-5.20 Dick Tracy. 6.00 Y Dydd. 6.15-6.20 Report Wales.

SCOTTISH

9.30 am The Maharajahs. 10.20 Land of Birds. 10.50 History of the Motor Car. 11.15 Story Hour. 1.20 pm Scottish News. 2.45 The Great Depression. 5.10 Teatime Tales. 5.20 Crossroads. 6.00 Scotland Today. 6.20 Action Line. 6.30 Sounds Gaelic. 12.35 am Late Call.

TSW

9.40 am Sesame Street. †10.40 "Laxdale Hall," starring Ronald Squire, Kathleen Ryan and Raymond Huntley. 11.55 The Undersea Adventures of Captain Nemo. 1.20 pm TSW News Headlines. 2.45 Trapper John. 5.15 Gus Honeybun's Magic Birthdays. 5.20 Crossroads. 6.00 Today South West. 6.20 Scene South West/A Day in the Life . . . 10.37 TSW Late News.

TVS

9.35 am Kum Kum. 10.00 "The World in His Arms," starring Gregory Peck and Ann Blyth. 11.45 Boggin the Dragon (cartoon). 1.20 pm TVS News. 2.45 The Great Depression. 5.15 Radio. 5.30 Coast to Coast. 6.00 Coast to Coast (continued). 12.35 am Company.

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 9.30 Coral World. 10.15 Cartoon Time. 10.30 Morning Movie: "The Brigand of Kandahar," starring Oliver Reed. 11.50 Sally and Jake. 1.20 pm North East News. 1.25 Where the Jobs Are. 2.45 R.T.E. Plays — "Ireland of the Welcomes." 5.15 Private Benjamin. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 10.35 North East News. 12.35 am Life is Six-to-Four Against.

YORKSHIRE

9.20 am Sally and Jake. 9.40 Sesame Street. 10.40 The New Accelerators. 11.05 Animated Classics ("Journey to the Centre of the Earth"). 11.55 The Undersea Adventures of Captain Nemo. 1.20 pm Calendar News. 2.45 Trapper John. 5.15 Private Benjamin. 6.00 Calendar (Emley Moor and Belmont

RADIO

(S) Stereophonic broadcast

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.30 Dave Lee Travis. 2.00 pm Paul Burnett. 3.30 Steve Wright. 5.00 Peter Powell. 7.00 Radio 1 Mailbag. 8.00 David Jensen. 10.00-12.00 John Peel (S).

RADIO 2

5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 Gloria Hunniford (S). 2.00 pm Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News, Sport. 6.00 John Dunn (S). 8.00-9.30 Soccer Special (Medium Wave only). 8.30 The New Swingle Singers (S). 9.00 The Folk Entertainers (S). 9.20 Sounds of the Sun (S). 9.55 Sports Desk. 10.00 You've Got To Be Joking with Cardew Robinson. 10.20 Be My Guest says Sir John Clements. 11.00 Brian Matthew with Round Midnight. 1.00 am Truckers' Hour (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice (S). 8.00 News. 8.05 Your Midweek Choice (continued) (S). 9.00 News. 9.05 This Week's Composer: Walton (S). 10.00 Haydn: "Creation" Mass (S). 10.45 Haydn (S). 11.55 Northern Sinfonia of England (S). 1.00 pm News. 1.05 Concert Hall (S). 2.00 Music Weekly (Sir William Walton—a portrait in words and music) (S). 2.50 Haydn: Chamber music recital (S). 4.00 Choral Evensong (S). 4.45 News. 5.00 Mainly for Pleasure (S). 7.00 The English Concert (S). 7.30 Haydn: "The Creation," special performance to mark the 250th anniversary of the composer's birth, from the Old University, Vienna (S). 9.30 Rosenberg in the Trenches (S). 10.15 Orlando String Quartet (S). 10.45 Homage to Haydn, piano recital (S). 11.00 News. 11.05-11.15 Aunc (S).

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.33 Yesterday in Parliament. 8.57 Weather, travel. 9.00 News. 9.05 Midweek: Henry Kelly (S). 10.00 News. 10.02 Gardeners' Question Time. 10.30 Daily Service. 10.45 Morning Story. 11.00 News, travel. 11.05 Baker's Dozen. 12.00 News. 12.02 pm You and Yours. 12.27 It Makes Me Laugh. 12.55 Weather, travel, programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre. 3.50 Smith Invades the Capital. 4.00 The Countryside in Early *Spring*. 4.45 Story Time. 5.00 *PM*: News magazine. 5.50 Shipping Forecast. 5.55 Weather, programme news. 6.00 News including Financial Report. 6.30 Frank Muir Goes Into . . . Romance (S). 7.00 News. 7.05 The Archers. 7.20 A Good Night Out. 7.45 Files (S). 8.15 Charlie Button by David Hobbs. 8.45 File on 4. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Detective. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

FT COMMERCIAL LAW REPORTS

Development 'begun' by pegging out road

MALVERN HILLS DISTRICT COUNCIL v SECRETARY OF STATE FOR THE ENVIRONMENT AND ANOTHER

Court of Appeal (Lord Denning, Master of the Rolls, Lord Justice Eveleigh and Lord Justice Watkins): March 24 1982

WHERE a property developer is required by statute to begin development within a certain time after obtaining planning permission, such development being taken to be begun when specified operations including the laying out of part of a road are carried out, he satisfies the requirement of beginning to develop if he delineates part of the road on the ground by putting in pegs.

The Court of Appeal so held (Lord Denning dissenting) when dismissing an appeal by Malvern Hills District Council from the order of Sir Douglas Frank QC sitting as a deputy High Court judge (December 22 1981), upholding the decision of the Secretary of State for the Environment to quash an enforcement notice served by the council on Robert Barnes & Co. Ltd., property developers, requiring them to cease operations on a new residential development in the village of Cradley.

* * *

Section 42(2)(b) of the Town and Country Planning Act 1971 provides: ". . . the development to which the permission relates must be begun not later than whichever is the later of the following dates . . . (ii) the expiration of two years from the final approval of the reserved matters. . . ."

Section 43 provides: "(1) For the purposes of section . . . 42 . . . development shall be taken to be begun on the earliest date on which any specified operation comprised in the development begins to be carried out. (2) In subsection (1) . . . 'specified operation' means any of the following . . . (d) any operation in the course of laying out or constructing a road or part of a road. . . ."

*

LORD DENNING, Master of the Rolls, said in a dissenting judgment, that the developers planned to build a new housing estate of 25 houses. The council granted outline planning permission for residential development, subject to conditions. Many matters were reserved for further consideration, and the council granted approval for the reserved matters on March 28 1977.

That date was crucial because of the provisions of section *42(2)(b)* of the Town and Country Planning Act 1971. Development must be begun not later than March 28 1979.

Three months before March 28 1979, the developers made preparations for drainage work. They deposited pipes and manhole rings in the centre of the site, but made no excavation.

They also put in pegs to show the centre line of the proposed estate road, and to show the line of the pavements on each side. They only did the first 250 feet. They were held up by the weather. The position of the pegs was only tentative or provisional.

In May 1980 the council served an enforcement notice on the developers requiring them "to cease construction of the road and all building, engineering or other operations." The developers appealed to the Secretary of State. He felt bound in law to let them go ahead and build the estate.

Everything depended on the date when development of the site was "begun" by the developers. If it was begun before March 28 1979, the enforcement notice must be quashed, and the developers would be able to go on with the development.

In construing section 43 (2) (d) it was significant that all the other sub-paragraphs with which it was associated referred to the actual work to be done. They excluded any acts which were only preparatory to that work.

In *Parkes v Secretary of State for the Environment [1978] 1 WLR 1308* his Lordship had said that "operations" comprised "activities which resulted in some physical alteration to the land, which had some degree of permanence to the land itself."

Applying that interpretation to the present case it was clear that the bringing of pipes and manhole rings, and the driving in of pegs, which were not permanent, were preparatory acts done in anticipation of "operations" which were to follow. They were not part of the "operation" of laying out the road.

His Lordship would allow the appeal on the ground that the development was not begun before March 28, 1979.

*

LORD JUSTICE EVELEIGH, in a majority judgment, said that the Secretary of State's inspector concluded that the marking out of the line and width of the first 250 feet of the road with pegs, amounted to an "operation" in the course of laying out part of a road as defined in section 43(2)(d), and that it was therefore a specified operation.

Section 43 referred to the process of planning or delineating the road on the ground. "Laying out" was an earlier stage in the planned making of a road to that of construction. It did not require that part of the road should have been formed by placing *something* in a permanent position on the land.

"Operation" in section 43(1)(d) seemed to refer to any working activity on the land in the course of laying out a road, whether or not that activity had resulted in a change in the character of the land or in anything that might be called development. "Operation" could not of itself introduce the idea of permanent change.

As on the face of it there was no difficulty in understanding the meaning of "operation" in section 43(1) there was no reason for trying to introduce a difficulty.

Parkes did not decide that the carrying out of operations in, on, over or under the land did not begin until there was some change in the physical condition of the land. It was therefore not an authority for the proposition that there could not be an operation within section 43 unless some physical change had already been achieved.

That conclusion seemed to accord with the intention of the legislature, which was that land should not be held underdeveloped for an indefinite period in the hands of speculators. Section 43 was a benevolent section which aimed at avoiding hardship to a developer, such as the present, who was genuinely undertaking development. It would indeed be hard to interpret section 43 by importing a restriction on the natural meaning of the words by reference to *Parkes*.

His Lordship would dismiss the appeal.

*

LORD JUSTICE WATKINS, agreeing that the appeal should be dismissed, said that the definition of "specified operation" was so explicitly provided for in *section 43(2)* that there was no warrant for importing into it the notion that "laying out" had not begun unless the land had been altered physically to some permanent extent.

The provisions of section 43 should be construed benevolently towards the subject. That was especially so where, as in the present case, the developers' *bona fides* were not assailed.

The line of the road pegged out might have been varied before completion, but the pegging out was an unequivocal manifestation of the developers' intention to begin development within the permitted time, and weather permitting, to proceed with it till completion.

Whether or not what had been done on the land amounted to the beginning of a specified operation was pre-eminently a matter of fact and degree for the Secretary of State. He had accepted his inspector's conclusion that the pegging out of 250 feet of the road amounted to an "operation" in the course of laying out part of a road as defined in section 43(2)(d) and that it was therefore a specified operation.

There was no legal or other reason for doubting the soundness of that reasoning nor for questioning the decision which led from it.

Appeal dismissed. Leave granted to appeal to the House of Lords.

For the council: *Jeremy* Sullivan (*Sharpe, Pritchard and Company, agents for Paul* Graham, *Malvern*).
For the Secretary of State: Simon D. Brown (Treasury Solicitor).
For the developers: A. T. *Smith* QC (*Jacobs, Bird and Company, Birmingham*).

By Rachel Davies
Barrister

RACING

BY DOMINIC WIGAN

BACKERS IN search of a worthwhile bet today are probably best advised to concentrate on the jumpers. The afternoon's flat meeting at Catterick looks tricky to say the least.

The most valuable jumping purses are at Huntingdon, where Francome and Scudamore continue their dual for the championship, but Plumpton has, for my money, the day's best bet in Most Fun.

At one time rated alongside Cima by Jim Old and his astute staff, Most Fun has not lived up to expectations. However, there have been reasonable excuses for failure on each of his three appearances and I feel confident that the four-year-old will produce his best this time.

Most Fun lines up for the weakly contested Crowborough Novices Hurdle with a much-needed run at Towcester recently behind him. He should get off the mark in the hands of Aldaniti's 7 lb claiming lad, Peter Double, by outclassing the consistent but rather one-paced Prosperpine.

CATTERICK
2.45—Carol's Comedy
3.45—Sunny King
4.15—Miss Couture**
4.45—Royal Rhapsody

HUNTINGDON
2.30—Bold Dealer
3.00—Captain Shadow
3.30—Comedian
4.00—Weavers Loom*

PLUMPTON
2.30—Most Fun***

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

BOARDROOM BALLADS

PUSH OR PULL?

Since first from earth's primeval slough
Societies emerged somehow
And, retrogressing now and then,
Produced the dominance of men,
It has been commonly agreed
There must be people who con lead.

★

The prince, the father or the priest
Met some criteria, at least,
For making in the infant state
Their leadership legitimate.
Though often, too, the biggest stick
Determined who might make the pick.

★

And then to leadership's chagrin
Democracy came creeping in
With radical ideas which said
The followers should choose instead
Or, at least, should have a voice
To influence their masters' choice.

★

Except, that is, strange to relate,
Within the corporate estate,
Where leaders, we are told, instead
Leap fully-clothed from Zeus's head
Protected, unlike other things,
By some divine right of kings.

Suggestions that the lesser fry
Have any right to choose defy
The consecrated rights of bosses,
Whether making gains or losses,
To answer only for their sin
To priests who put the money in.

★

And those who hew the wood and lump it
Are firmly told that they can lump it—
A system known to learned sages
To mark the neolithic ages
But now unknown to observation
Outside the business corporation.

★

So leadership, as a result,
Is consecrated as a cult,
Endowed with charismatic powers
Light-years from the likes of ours,
Particularly useful while
The new machismo is in style.

★

So might it not be best to say
that leaders, too, have feet of clay
And any claim to lead is hollow
Unless the troops consent to follow?
If not, I think the special pleaders
Should find another word than "leaders"!

Bertie Ramsbottom

Next week: Money Markets

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

Rent arrears

I gave one of my tenants notice to quit about two months ago because of arrears of rent (about £50). The tenant pays small sums periodically (sometimes more but usually less than the actual rent) and I mark these in his rent book as mesne profits. I now propose to apply to the County Court for possession. (1) Should I accept further rent from the tenant after I apply to the Court for possession, and enter it as mesne profits in his rent book, or should I ask him to pay the arrears into Court? (2) If the tenant pays the full amount he owes before the case is heard shall I accept the money?

As the tenant appears to be a protected tenant under the Rent Act 1977 there is no need to require payments to be made into court or to characterise late payments as mesne profits. You can and should accept all arrears tendered.

House sale

I propose to purchase two houses, one tenanted and the other vacant possession, which are being sold as a pair as an investment. I propose to modernise the vacant house which is in a poor state and resell it as soon as possible. I had thought that capital gains tax would be payable on any profit but have recently read that the Inland Revenue might class it as income. Is this true? If so, how is the "income" calculated?

The transaction does indeed look like an adventure in the nature of trade, assessable to income tax under case I of schedule D. The profit will be calculated on ordinary accountancy principles. If your solicitor cannot help you on the taxation aspects, no doubt he or she can recommend a local accountant. We have regularly warned of the pitfalls of entering into property transactions, without good professional guidance.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

BL shortens its supply line

Kenneth Gooding on BL's decision to concentrate on fewer component sources

ARTHUR HEINS, the quiet and unassuming purchasing director for BL's Austin Rover cars division, in mid-1980 ordered a worldwide survey of component costs as part of a re-examination of the division's purchasing strategy.

As the results came in it became clear that BL could buy 70 per cent of the materials and components needed for the cars it produced at an average of 20 per cent below British prices.

In other words, only 30 per cent of UK suppliers were competitive with their overseas rivals.

Materials and components account for 60 per cent of the ex-factory cost of a car and the plain fact was that Continental cars were packages of cheaper components (no less reliable than those sourced in Britain). To compete BL should have made a major switch to Continental suppliers.

BL has no formal "buy British" policy but there were good, long-term strategic reasons for preserving a healthy component supply sector in the UK.

And if Austin Rover, the division which makes all the BL cars except for Jaguars and Daimlers, switched most of its purchasing abroad — it will buy just over £600m-worth this year —much of the sector could shrivel up and die.

Instead, last year the division started a process which has for the most part gone unnoticed.

But when the contract for the supply of wheels was given solely to Dunlop, which previously shared it with Rubery Owen, the change became visible. Rubery Owen claimed that as a result of the decision its wheels plant ceased to be viable and closed it with the loss of 1,000 jobs.

Then employees at Armco's British factory at Letchworth, Herts., were warned that up to one third of the 300-strong workforce could be adversely affected by BL's decision to stop buying brake pipe tubing from the plant — TI Fulton, which previously shared the supply, will in future provide it all.

Martyn Barnes

Arthur Heins, BL's puchasing director, his decision last week to double his order for Lucas batteries spells trouble for Chloride

And last week the result of another "winner takes all" battle, this time over batteries, was announced. Lucas has been given a contract to supply 500,000 car batteries a year rather than supply being split more or less equally between Lucas and Chloride.

All this goes against previous conventional wisdom that a company should protect itself from breakdowns in its supply line by dual-sourcing.

The industrial disputes that wracked the motor industry in the 1970s helped establish dual-sourcing even more firmly.

So why is the approach changing?

To some extent the UK component sector, along with the country's manufacturing industry, as a whole, has been uncompetitive, because the value of the pound refuses to drop to compensate for the rate of inflation.

And, as Ray Horrocks, chairman of BL Cars, points out: "Over the past four years British industry has doubled its wages but increased productivity by only half."

But the component industry has also suffered from the severe erosion of demand as vehicle output in Britain shrank alarmingly. As recently as 1972 car output peaked at 1.92m. In 1980 it dropped below 1m for the first time since 1958 and last year was at the same level.

In 1976 BL's car output alone was 688,000 and was down to 347,500 last year.

And volume is an important factor in getting the cost of components down — particularly the more complex components.

The time had come for the Austin Rover division to give back to some of the component makers in Britain the volume they needed. Volume would encourage them to invest and make other changes necessary to get their costs closer to those of Continental and Far Eastern competitors.

Families

Ultimately this volume should come from a new range of BL cars which has been given a successful start with the Metro and will then be enlarged substantially by the LC10 "family" of medium-sized models.

Towards the end of the 1980s, if all goes to plan, BL should have just four "families" of cars instead of the 13 it had when Sir Michael Edwardes moved in as chairman three years ago.

This will involve a substantial drop in the numbers of individual components, particularly as some components will be common to two or even three families.

All this indicates a dilemma for the components industry. In future BL will require fewer individual parts. But for those companies which get the available contracts, the potential for substantial production runs is tremendous.

For example, the Metro is currently being produced at the rate of 4,500 a week. No other BL model in recent history has reached anything like that rate of output. And some components of the Metro will go into the first of the LC10 range, the LM10 and LM11.

In terms of individual parts, the division already sources over half its components from single sources. The more complex the component and the more costly the investment required to produce it, the more likely it is to be single sourced.

But Arthur Heins points out that there is likely to be little single sourcing for a whole "commodity group."

So while, for example, there might be one supplier of tyres for one particular BL car model, other suppliers would be used for other models.

"We would want to maintain more than one source of supply to retain a view of at least two technologies," says Heins. (And just to be sure all the contracts the division hands out insist that the supplier keeps up with "world technology").

The main reason for the growth in dual sourcing by all kinds of British manufacturing companies during the 1970s was that it seemed a good idea not to have all the eggs in one basket when industry was so prone to interruptions of supply because of industrial disputes.

Harold Musgrove, chairman of the division, insists, though, "this country's labour relations are now much more stable than many people believe. We have to accept that we simply cannot afford several sources of supply and the large stocks to go with them.

"In any case, dual sourcing does not give you very much more protection against disputes. If a company which has been supplying 60 per cent of your requirements for a complex and difficult-to-produce item can't supply, it is not possible to have the company which was supplying the other 40 per cent turn on the tap and do 100 per cent for you."

The division takes steps to protect itself in any move to single sourcing, often by retaining ownership of the tools and dies on which the component is made. These can be switched from one sole supplier to another if there are problems at the first manufacturer.

In a few cases the division actually insists on "security stocks" of parts on a separate site financed by the supplier.

And it steers clear of any company that is not financially sound. In fact, before any new contract is awarded the division investigates the quality of the supply company's management, engineering, facilities and administration.

None of this is unique to BL. Other major car makers take very similar steps to protect continuity of production.

The review of component "commodity groups" has a long way to go, according to Heins. "We have been reviewing every single commodity group we purchase. We started with the complex ones and are now working on those that are less complex and less expensive. But the process will take another 18 months because of the depth of the investigation in each case."

So probably there will be other cases similar to those of Dunlop and Rubery Owen and Chloride and Lucas.

In the meantime the new purchasing strategy seems to be paying off. The division's material costs went up only 2 per cent last year. Of course, other factors apart from the switch to single sourcing played a part. With car demand depressed the laws of supply and demand came into play to keep price increases down.

And the division refused to accept any price increase for components if it arose from a pay award higher than the 3.8 per cent BL Cars workers received last year. "We owe it to our own workforce not to accept any price increase from a supplier which arises from a pay award that is not matched by an increase in productivity," Musgrove declares.

But when there is competition between two or three previous suppliers for the one big contract — as happened between Lucas and Chloride—the division does all it can to avoid a Dutch auction.

Musgrove explains. "It is up to the companies to tell us what their price is, although we often give an indication of what we think the job is worth. We want to strengthen the UK component industry, not weaken it through Dutch auctions and prices that are too low."

Whittle

The division's internal checking system also militates against the purchasing department taking the easy way out when trying to keep within its budget and simply switching to suppliers which offer low prices.

Any change which involves more than 20 per cent of a particular supplier's BL business being removed by a switch to another manufacturer must be vetted by the division's purchasing sub-committee.

The same procedure is followed if a contract is to be switched from a British to an overseas supplier.

The impact of BL's new strategy—as well as Ford's efforts in the same direction—has begun to become more apparent. According to Heins, that 20 per cent differential between UK prices and those charged overseas has already been whittled down to between 12 and 13 per cent.

THE ARTS

Television

The news is getting worse

by CHRIS DUNKLEY

Paragraph 1 of the BBC booklet "The Task Of Broadcasting News" states: "If ever broadcasting were pared to the proverbial bone, news would have to be that bone." Paragraph 2 says: "Because news is so important to the BBC and its public it *follows* that no effort must be spared to get it right, not only to the satisfaction of professional journalists inside and outside the BBC but also to that of the general audience."

Among members of the general audience known to me, and also among the journalists of my acquaintance including a number working inside the BBC, opinion is now virtually unanimous that BBC television news has deteriorated in the last few months. A few claim to discern a decline over the longer term, but most seem to agree that the deterioration dates from September 7 1981 when the news appeared with what was called "A New Look."

This meant thet Peter Woods disappeared; Richard Baker, Kenneth Kendall and Jan Leeming were relegated to the early evening slots and weekends; Richard Whitmore—who has always struck me as the best among the BBC's younger news readers—was benished to the midday slot where he has been accompanied by Moira Stuart and Linda Alexander (another good reader); while the flagship programme, the *Nine O'Clock News*, was taken over by the two reporters John Humphrys and John Simpson.

In terms of faces on screen the biggest change of all, if the least significant, bas been that whereas Kendall or Baker used to stay on duty in the evening to read the late headlines on BBC1 at 11.15 or midnight, Simpson and Humphrys disappear at 9.25 leaving the late job to a succession of unfamilier and often deeply nervous looking people who have, presumably, been plucked out of the newsroom.

There is one scenario which interprets these changes as merely a holding operation prior to a full-scale revolution any time after November this year. That is when Channel 4 comes on stream with its plans for a one-hour news programme on weekdays scheduled, in the American fashion, earlier in tha evening, from 7.00 until 8.00. Since the BBC is already conscious that there are precious *few items in its own Nine O'Clock News* which have not already been screened in the 5.40 bulletin, the early evening may well become the main area of contention.

It seems to me both a pity and a strategic error for Channel 4 — probably our last ever nationally broadcast channel—to have made the lives of its own programme planners so difficult before they even start, by shackling them to an iron ball in the form of yet another immovable daily news programme. Knowing the way that programme schedulers in ITV and BBC1 so often curse the obstruction of their almost sacrosanct news it seems incredible that Chennel 4 should voluntarily undertake a bandicap twice as big.

But given that you do decide to have e major daily news programme, 7 o'clock sounds a much less disruptive time than either 9 or 10, even when your programme lasts an hour. Moreover Channel 4's news policy can only be welcomed by those of us who have pleaded for years for a broadening of the scope of television news. "In addition to the normal news diet, the programme will include regular coverage of business and industry, technology and the arts," they promise.

I doubt whether most viewers consider business and industry to be *under*-represented on the existing news programmes, but allowing technology and the arts on to the egenda will indeed be a radical departure. Joan Bakewell hes ploughed an impressive furrow at *Newsnight* on BBC 2 and is now regularly planting arts stories amid the alien corn, but she hoes her row lete at night, and it is a lonely one. What a shame the main BBC news has not called on her services and tried to steal a march on Channel 4 by introducing a civilised balance of subjects into the agenda *now*: the life enhancement of arts news as well as the familiar wars, strikes and economic disasters.

However, according to the scenario mentioned above, the BBC might be attempting a pre-emptive move of a different sort. The reason given by Channel 4 for devoting a full hour to the news is the desire to supply "a more thorough explanation of the issues behind the headlines" and "more time to investigate stories in greater depth."

That brings to mind the Birt/Jay theory of television news and current affairs expounded in 1975. John Birt and Peter Jay argued that television news was *characterised* by a "bias against understanding" and they called for a broader focus, more care in putting matters in context, and greater analysis. Most professionals saw it as a demand to combine news and current affairs. Birt is now director of programmes at London Weekend Television, and Jay is chairman and chief executive of TV-AM which will launch ITV's breakfast service in May 1983.

Thus the Birt/Jay theorists have established a formidable beachhead within commercial television incorporating LWT (one of the biggest companies), breakfast television, and Channel 4. What is more, Channel 4's news will be supplied by ITN who are even now putting together a special fresh team for the purpose.

Over the years ITN has steadily nibbled away at the BBC's proud dominance of news so that they now attract *twice as many viewers* as the BBC at lunchtime, take a substantial lead with the early evening bulletin, and have even drawn level with the mid evening flagship. These days the BBC *Nine O'Clock News* sometimes attracts a few more viewers than ITV's *News At 10*, but the average figures for January, for example, were: BBC 8.89m and ITN 9.68m.

Taking all these facts into account it is possible to see the "new look" as the BBC's bid to get in with an only slightly modified version of the Birt/Jay news formula ahead of the opposition. The difference between Simpson and Humphrys and their predecessors is that the new pair have always been reporters whereas Baker, Kendall, Woods and so on were purely news *readers*.

For the public the difference is quite immaterial. What seems to matter to most viewers is clear reading (*Simpson is the first news reader* in years to pronounce the "L" in "railway") and a sense of authority. But for the BBC the "active journalist" role is apparently seen as a crucial difference. Announcing the changes seven months ago they explained that in addition to providing the day's news the *Nine O'Clock News* would also become "a time for analysis" with Humphrys and Simpson "bringing their considerable journalistic experience to the programme" and, when not presenting, "continuing with reporting assignments." (Evidence on screen suggests that this last means little more than rare and brief token trips.)

There are two reasons for objecting to these changes. The first yet least important is that they have not been very successful. It is all very well to assert that a man will "bring considerable journalistic experience" to a programme but another thing altogether to extract any value from that when the job is reading the news. To the extent that they have put any "individual stamp" on their programmes, Humphrys' consists mainly of an *affectedly "worried" frown*, an unsuitably conversational tone, and the unsettling impression of a man *impersonating* a news reader; and Simpson's of a condescending pedagogy exemplified by sentences beginning "Well —" or "So —" as in "So, a result at Hillhead" delivered in the patient tones of one about to teach four-year-olds to thread beads.

Second, and far more important, the BBC ought not in any case to be *going down this* road, or at any rate not with its main news programme. On the contrary, whatever may be thought necessary in the way of "analysis" and "contextualising" and "depth backgrounds" elsewhere, the main BBC news should stick like glue to the excellent habit established by the corporation in World War II, albeit on radio, of providing the one service where you could depend upon hearing the nearest thing possible to plain fact, read with absolute clarity. If television news has forgotten how to do it, they can always listen to the World Service.

The booklet quoted in my introduction was issued in 1976, the year after the birth of the Birt/Jay thesis, and it says of them: "They seemed, in the view of professional journalists in the BBC, to be proclaiming a new bias—a bias against the reporting of unadorned fact . . . it would be a betrayal of fundamental editorial principles to move in that direction." Paragraph 26 Clause (2) says: "The separation of news from analysis in television, far from being a basic mistake, is centrally-important —a guarantee of the BBC's continuing credibility."

Nothing in the last six years has happened to alter that, nor is it ever likely to.

ITV's period drama creeps ever closer to the modern day: A Kind of Loving which starts on Sunday is a 10-part series adapted from Stan Barstow's trilogy of novels, with Clive Wood (pictured here) as Vic Brown and Joanne Whalley as Ingrid Rothwell

Walton birthday concerts

William Walton was 80 on Monday. A big Festival Hall concert to mark the exact date came as the climax (though by no means the close) of all the recent Walton revels; it was given by the Philharmonia Orchestra and Chorus under Previn, greeted by the composer and Princess Alexandra from the Royal Box, and broadcast live on television and radio. A celebration, in other words, on a grand scale, of music that wears its public face with dazzling nonchalance; yet, as in the best of Walton's music, beneath the displays of orchestral verve and energy the evening was limned with reflective melancholy: that was its special mark, as it is Walton's.

Birthdays are a time of tribute, so perhaps a short personal one from a reviewer of *Belshazzar's Feast*, which naturally enough occupied the second half, will not seem wholly out of place. For a recording of the work, acquired in early teenage and played almost to the ruination of its grooves, was my own introduction (or so it eppeared at the time) to the domain of Modern Music; nothing bad ever before sounded so exhilaratingly bold, jagged, dering. Later came Stravinsky and Schoenberg, and my discovery of 20th-century music of tougher intellectual sinew; later, it was not the "trumpet and cymbal" portions of the oratorio, at first the most exciting, that kept their fascination so strongly as the music of mourning, catching and dramatising a note at once recognisably English and distinctly personal. But that first revelation of new musical realms and possibilities one will always remember with gratitude.

Monday's performance was one to make clear why the darkling strains of the opening have retained their fascination—the writing for double chorus, which seems to look back across the world of Victorian choral music to the manners and modes of the early Baroque, is of inexhaustible facility. But revived also was much of the other kind of thrill. Previn's attack, in this work, is honed to admirable sharpness: in the Festival Hall, with its minimal reverberation period and its dry "closeup" acoustics, the massive crossfire of brass and percussion, double chorus and orchestra, took the listener near, but never over, the edge of his pain threshold. The jubilant finale was driven tremendously hard and fast, substituting brilliant spectacle for the climactic grandeur that is more easily suggestible in the Albert Hall. Thomas Allen, though the baritone solo demands perhaps a weightier, darker timbre, was in fine voice; likewise the chorus.

The first half was less successful—music made under the bright lights of a Big Occasion is unlikely to be free of interpretative discomforts. Here it was that the cut and thrust of the Anniversary Fanfare (1973) and of its sequent. *Orb and Sceptre*, seemed dulled; so too the fine detail of the orchestral working in the Violin Concerto — one heard its external activities but not its enlivening inner detail, and once agein the work sounded (to these ears at least) a formidably accomplished but rather mechanical thing, especially in comparison with the eerlier concerto for the lower string voice. Kyung-Wha Chung, flashing out with inimitable fire in the bravura passages, was less than always perfectly tuned in the lyrical; perhaps she was disturbed, as well she might have been, by a still-photographer racking the air with his malign activities from an upper box. Shame on him, and on whoever permitted him entry!

MAX LOPPERT

★

Earlier Monday evening at the Barbican the LSO, with Nobuko Imai as soloist and Mark Elder conducting, included Walton's Viola Concerto in their programme. In the pest one heard this so often with English violists (and I don't mean Lionel Tertis) who were excellent musicians but could not heve rivalled Miss Imai's sumptuous tone that one elmost regretted a certain plangency and even a sense of effort.

Yet this was a sensitive and at times noble reading, most appreciably accompanied. The pace for the scherzo may have been metronomically correct but it was on the fast side for this hall. Some of the pointful impishness sped by almost unnoticed. This concerto remains after 50 years and more one of Walton's most cogent as well as poetical scores. The slimming-down of the orchestration in the 1961 revision no doubt makes things easier for the soloist, but the added harp sounds out of place in that lendscape. Needless to sey, the LSO's Osian Ellis was the most discreet of trespassers.

Britten's Sea Interludes from *Peter Grimes* opened the concert. The first impression (this was my first visit to the hall) was of an uncomfortable glare on high violin phrases and of a rhythmic vitality in inverse proportion to the volume of sound. No such doubts marred Dvorak's Seventh Symphony after the break—a warmly lyrical performance, though again woodwind and brass were more favoured than strings. With all the nobs across the river there wasn't a very large audience.

RONALD CRICHTON

Lyric, Hammersmith

The Best of British Music Hall

The last production at the Lyric was Michael Frayn's farce *Noises Off*, opening tonight in the West End. It depicted the disintegration of a small theatrical troupe touring the smaller provincial towns. This week at the Lyric the Hiss and Boo Company is having a brief London run before touring the smaller provincial towns. On opening night three of the six strong company failed to appear.

No doubt that took some of the fizz out of that most mannered of entertainments—the recreation of late Victorian music hall. It works if the artists are past masters and the audience half plastered. In the event the chairman Ian Liston, who created Hiss and Boo, and his team, deserve great credit for supplying so many laughs, mainly intentional, from such a chapter of accidents.

Music hall revival shows are cursed with the leaden weight of television's *The Good Old Days*, a pastiche of much that was worst about the Victorian and Edwardian music hall. Hiss end Boo do not escape from an alliterating chairman and a succession of the most hackneyed and boring of songs. But there were fine moments, mainly contributed by Peter John who switched from directing to performing and came out with a flow of very funny, very filthy jokes. It was a club act rather than a music hall routine but thenks all the same.

Two other experienced music hall turns, Christine Pilgrim and Peter Spraggon, maintained their high standards and the pastiche melodrama, "Lady Audley's Secret" was not boring. Trimmed down and run in, and with an enthusiastic audience, Hiss and Boo could pleasure the provinces.

ANTONY THORNCROFT

New York theatre round-up by FRANK LIPSIUS

Following on the heels of Hollywood stars' arrival on Broadway have come film directors of the calibre of Robert Altman and Louis Malle. Altman started at the beginning of the season with two one-act plays by Frank South performed off-Broadway at St Clement's Church.

Having got his feet wet with those two well-produced but modest productions, the director has now plunged into Broadway with *Come Back to the 5 and Dime, Jimmy Dean, Jimmy Dean* at the Martin Beck Theatre. A splendid production with a cast headed by Karen Black, Cher and Sandy Dennis was disappointing because of Ed Graczyk's wildly uneven script that reaches for outrageous implausibility whenever the mundane starts looking too reasonable.

Not that such a daring innovation as having Karen Black play the role of a transsexual (operation and all) saves the pley from long patches of uninteresting, idol-worshipping chat. Set in the small Texas town where movie star James Dean was from, the play never rises above its mistaken attachment to Dean, the 20th anniversary of whose death has brought the characters together for a reunion at the old town Woolworth's. The characters are either boringly provincial, as Sandy Dennis is forced to show, or off a shelf of twisted and smashed up dolls that should have been packed up and sent back to the factory.

In her Broadway debut, Cher proves to be a riveting comedienne with lines and gestures that were either written by or for her with a flair missing from the other roles. Similarly outstanding is David Gropman's set of the old Woolworth's lunch counter with shelves of bric-a-brac displayed through multiple reflections receding into the backdrop.

The lack of attention to the script, which mars the Altman production, is also evident in Malle's production of *Lydie Breeze*. Working again with John Guare, who wrote the script for Malle's film *Atlantic City*, the director bravely accepted the challenge of trying to bring to the American Place stage a work set in 1895 on Nantucket Island. Though the eponymous heroina dominates the story, she never appears, having committed suicide years before.

All the characters have been touched by her, especially since her dose of syphilis infected those with whom she had intimate contact, but their dramas are too closely tied to her absent abstractness. Despite the intricate working out of the plot and notable performances by Ben Cross, Cynthia Nixon and Josef Sommer, the play relies on resonances of the past that steal life from the characters on John Wulp's well-wrought beachside set.

If "Hollywood director" is not a category to guarantee success on Broadway, perhaps "drag queen" is, since two off-Broadway shows featuring this flashy urban minority manage to subsume voyeuristic fantasies into funny, touching and spirited productions. Written by and starring Harvey Fierstein, *Torch Song Trilogy* at the Actors' Playhouse consists of three one-act plays previously produced separately. Starting at a make-up table, Fierstein flamboyantly bemoans a romantic agony that will occupy the rest of the evening.

Nothing if not daring, Fierstein gives his own drag-queen character the difficult name "Arnold," and Arnold's trials include a confrontation with his mother (Estelle Getty) along with the continuing saga of his love for Ed, played with appropriate understatement by Court Miller. Though feeling somewhat long by the end of the four-hour production, the play is a tour-de-force.

Charles Ludlam's *Secret Lives of the Sexists* at the Ridiculous Theatrical Company is a pley of many parts and various scenes that relies on being provocative when it has no other virtue to justify e scene. Directing and starring as well as having written the play, Ludlam is an acquired taste. For all his dominance of the credits, he does give plenty of scope to the other characters, pleyed by Mink Stole and Black Eyed Susan, but ultimately private jokes and fun on stage substitute for aspirations beyond campiness.

Saleroom

Dali sets a double record

This is the week of major Impressionist and Modern picture sales in London. Yesterday Christie's added in the morning £162,000 to the £1,450,440 it took on Mondey night when it established an auction record price of £453,600 for a work by e living artist.

The Gallerie Beyeler of Basle paid thet price for "L'enigme du desir" by Dali. Painted in 1929 it marked the first maturity of the surrealist style and the artist considers it to be among his ten most important peintings. It was sold by the Swiss psychologist Oskar Schlag. "Natura morta" by Morandi went for £70,200 and the same sum secured "Peysage americain" by Leger. The top price yesterday morning was the £15,120 for Pascin's "Le visite." The average bought in percentage for the two session wes 24 per cent, reasonable for sales of this type.

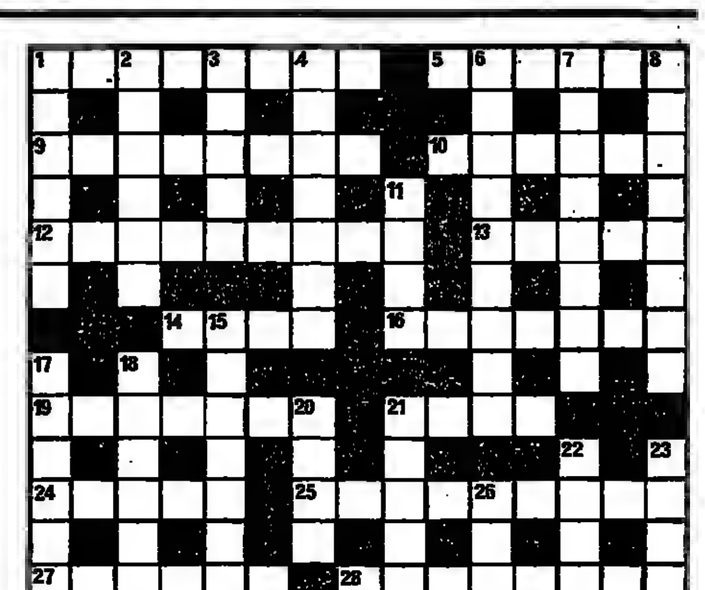
Sotheby's held its major Victorian picture sale at Belgravia. It totalled £282,445 but 31 per cent was bought in. The high failure rate was accounted for by the lack of dealer interest: they have plenty of unsold pictures in stock. The best price was the £5,500, plus 10 per cent buyer's premium, paid for "Goats and chicks," a typical Edgar Hunt. "The stert of the day" by John Emms realised £4,600.

Also at Sotheby's an auction of Indian works of ert continued It has proved very successful with very little unsold. Best price yesterday morning was the £8,000 for the upper pert of a Gandhara grey schist figure of Bodhisattva of around 300 AD. On Monday two albums of botanical watercolours by Rungie Raju, of the 1880s, sold for £17,000 and £16,000 respectively.

In the Chinese export porcelain sale at Christie's on Monday e large famille rose "tobacco leaf" dinner service fetched £56,160 to the London dealer Heirloom and Howard. The same purchaser secured a famille rose ermorial part dinner service for the French market for £16,200. Among the continental drawings sale at Christie's yesterday Hazlitt, Gooden and Fox paid £4,014 for e portrait of Herr Tain by Johann Nepomuk Ender.

ANTONY THORNCROFT

F.T. CROSSWORD PUZZLE No. 4,836



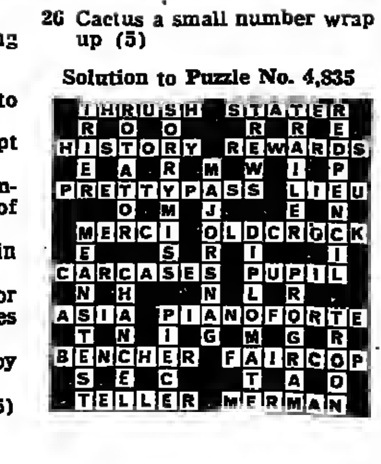
ACROSS

1 A bond to shorten (8)
5 Bird and part of its foot, that which is easily broken (6)
9 A wioe knocked hack in the east could be poison (8)
10 One who loves a party soldiers teke efter (6)
12 Drink to drsw off from the lees—seen on the breakfast table? (5-4)
13 Recent Spanish article is in the post (5)
14 One vehicle or another with a towing sign (4)
16 A robber with face in front of entrance . . . (7)
19 . . . and a highwayman with two *similar* bases (7)
21 French island crosa in bolly (4)
24 Japan provides one example of this compound (5)
25 Thoughtless group in an empty piece of land (6, 3)
27 Gentleman with a cent must return for insecticide (6)
28 Cut and bite in rapid dialogue (4-4)
29 Royal Exchange taking fast yield (6)
30 Having lost social standing from form in river (8)

DOWN

1 Modest, but pursued we hear (6)
2 Well adjusted standard left (6)
3 Drunk np to transfer plants to a larger vessel (5)
4 Get in touch with a meeting (7)
6 Gold ball seen around in artistic arrangement (9)
7 Bitterness that's confining if scrubs follow (8)
8 Theft from a fortress long over a railway (8)
11 Leap over a truck (4)
15 A soft part to divide into shares (9)
17 Culprit making an attempt outside to finish (8)
18 Send over a range of mountains, having a type of carriage (8)
20 Take a plunge with five in a hazard (4)
21 Inflame with anger or meterial inflamed for fumes (7)
22 Musculer spasm produced by chlorine on us (6)
23 Leading a settled market (6)
26 Cactus a small number wrap up (5)

Solution to Puzzle No. 4,835



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Car prices and competition

ACCORDING to the latest opinion polls dissatisfaction with the European Community remains appreciably higher in the UK than in any other member country, high prices and too much bureaucracy are two of the familiar complaints. If it could be demonstrated that the bureaucrats in Brussels are trying with some success to lower prices for the British consumer, attitudes might begin to change. The cuts in recommended car prices announced this week by Ford of Britain are due, at least in part, to the determination of the Commission to eliminate barriers to trade between member countries of the Community.

For some years the Commission has been waging a battle against manufacturers who attempt to discourage or prevent so-called parallel imports. Two celebrated cases decided in the Commission's favour involved BMW, the German car manufacturer. BMW's Belgian subsidiary sought to prevent its dealers from re-exporting cars from Belgium, where prices were low, back to Germany where prices were higher. The Commission objected to the practice as being incompatible with EEC rules on competition; its decision was upheld in the European Court. A German importer of BMW cars won a related case in the Federal Supreme Court in Germany.

Followers

The business of parallel imports is particularly well-developed—and profitable—in the car industry because of the disparities in car prices between the member countries of the EEC. A study published last year by the consortium of European consumer associations (BEUC) showed that on average British new car prices were 50 per cent higher than in Belgium and 35 per cent higher than in Germany or France. The study noted that prices tended to be lowest in countries where Japanese penetration is highest.

More generally, it seems to be the case that in the main car producing countries the leading domestic manufacturers are the price leaders and the importers are to a large extent price followers. In a country where production costs are high, like the UK, price levels have been very much higher than in countries where manufacturing costs and inflation rates have been relatively low. The disparity was increased during the period when sterling was exceptionally strong against Continental currencies.

As a result of the publicity given to the BEUC report and a similar investigation by Which? magazine in the UK, the pressure on British manufacturers to make it easier for people to import British-made cars from the Continent has grown. One obstacle had been the difficulty of obtaining "type approval certificates" from the manufacturer confirming that the car conformed to British technical and safety standards. Under new rules announced by the Department of Transport in February of this year manufacturers will have to supply these certificates to all buyers on demand.

Unhappy

The British motor industry has been unhappy about these developments, arguing that a serious erosion of the price structure in the UK could undermine the viability of the British car manufacturers and their suppliers. The Society of Motor Manufacturers and Traders suggested in one of its statements that "the only effective way of reducing car prices in Britain will be to reduce the rate of British inflation and substantially to improve this country's industrial productivity." This seems to ignore the possibility that a greater degree of price competition will actually contribute to greater efficiency and lower inflation.

One of the reasons why the EEC has not fulfilled its industrial potential is the continuing segmentation of national markets. In the car market this stems in part from the divergence in tax systems and there is no early prospect of a uniform approach on this issue. But the problem has certainly been aggravated by the pricing and distribution policies of manufacturers. The fact that parallel imports contributed to Ford's decision to lower prices is very much to be welcomed. It should encourage the Commission in its insistence that distribution agreements between manufacturers and dealers should not include restrictions on exports. It should also encourage governments, if they have the interests of consumers at heart, to eliminate unnecessary administrative obstacles to intra-Community trade. This should include a determined effort to harmonise technical and safety standards throughout the Community.

Sabre rattling in Buenos Aires

LORD CARRINGTON, the British Foreign Secretary, has rightly taken the view that diplomacy is the means to deal with the new eruption of the prolonged Argentine-British differences about the Falkland Islands. It is to be hoped that Buenos Aires shares his belief that a further escalation of the dispute would benefit nobody.

Unhappily that may not be the case: hence Lord Carrington's warning in his statement to the House of Lords that the position is potentially dangerous. There is a danger that the Argentine Government may become the prisoner of its own rhetoric.

The reason for saying so is that for the first time in several years the men in power in Buenos Aires are under heavy pressure from the widespread opposition to them. The causes are domestic. But there is nothing new in a regime using a quarrel abroad to divert attention from grievances at home.

With these tactics the Argentine Government is playing both on nationalist sentiment in general and on a strongly held conviction that the Falklands, which Argentines call the Malvinas, are part of their rightful heritage from the Spanish Empire

Colonial status

While condemning the sabre rattling in Buenos Aires, one must recognise that the dispute is not something that the Argentine Government has plucked from nowhere to suit its own domestic purposes. In the present world colonial status, such as that of the islands, is something anomalous, even anachronistic.

It would, however, be wrong to look at these anomalies merely in the light of the generally desirable process of decolonisation. The islands are not to be compared with a colonised country in, say, Africa or Asia, with local leaders thirsting for independence. The 1,800 islanders have been described as more British than the British: they speak English, have little or nothing in common with the Argentines, and have made it plain that they wish to retain their present status.

Even at the height of its zeal for decolonisation in the 1960s the UN General Assembly recognised as much. While calling for the independence of a series of countries, then still under colonial rule, in the case of the Falklands it invited the British and Argentine Governments to enter into negotiations "with a view to finding a peaceful solution of the problem."

Buenos Aires at the time concurred with that resolution. Desultory talks have been conducted between Argentina and Britain for at least 15 years, largely unnoticed, without much visible result, and occasionally punctuated by rows such as the present one.

Compromises

After so many years it is easy to understand that Buenos Aires is feeling impatient. But it has signally failed to convince the Falklanders that their future should lie under the Argentine flag. As in the case of Gibraltar, which has some similar aspects, London has undertaken not to agree to a change of the status of the islands against the wishes of the inhabitants. Merely to abandon them to Buenos Aires would be perilously close to substituting an undesired form of colonial rule for one that the islanders are content with.

Possible compromises have been devised. The idea of a condominium has been rejected in Buenos Aires on the grounds that the islands are rightfully part of Argentina. A more sophisticated proposal would leave sovereignty to Argentina, but would allow the Falklands to be leased to Britain to continue running them as at present. The islanders see that as the thin edge of a very thick Argentine wedge.

In the best of all possible worlds, Argentina would put its domestic affairs in order, ending the need for diversionary gestures and, with luck, persuading the Falklanders that they have nothing to fear. In the real world that is too much to hope for quickly. All that remains is the way of patient diplomacy, and the hope that the Argentine rulers may be rattling their sabres, but will have enough sense not to draw them.

STALEMATE IN EL SALVADOR

Why everyone may have lost

By Hugh O'Shaughnessy in San Salvador

THE Camino Real Hotel in this city has been the scene of one of the most intensive operations mounted by the U.S. communications media overseas since the days of Vietnam.

In the past two days it has been the setting for many euphoric Press conferences. Almost anyone who had anything to do with Sunday's elections for a 60-seat constituent assembly to take over the government of this country has claimed the result as a smashing victory for democracy.

They have called it the beginning of peace in our time for El Salvador, caught in a civil war between Right and Left which has cost more than 30,000 lives in the past two years and rendered at least one in ten Salvadoreans homeless.

But today, as the TV networks begin to move their crews back to the U.S., the realisation is dawning that far from being the smashing vindication of U.S. policy that Administration officials—and some foreign observers—claimed it was, the election was almost certainly one in which virtually everyone lost and nothing was settled.

The counting of votes has scarcely finished, but it seems likely that the Christian Democratic president Jose Napoleon Duarte, titular head of the junta of soldiers and civilians which has been ruling here since the military coup of October 15 1979, has not gained an absolute majority of the 60 seats contested. This means that he may well be superseded by a coalition of extreme Right parties who will govern provisionally, draft a new Constitution and call fresh and definitive elections.

Even if President Duarte is included in the coalition he will find himself outvoted by parties far to the right of him who together gained more votes than he did.

This highly likely outcome would be a major defeat for the U.S. Government. Washington and President Duarte had made immense efforts to stage these elections in the middle of the civil war, despite a boycott by the Left, because both calculated that a moderately conservative government would be most likely to emerge.

Such a legitimately elected administration could then have been relied on, with U.S. help, to roll back the challenge of the insurgent Left and become a bastion of parliamentary democracy in the troubled Central American region. The U.S. Administration encouraged the world to take a close interest in the election with this in mind.

Today it looks likely that Washington will have to work with a government whose major element will be the nationalist Republican Alliance (Arena). Arena's leader is Major Roberto d'Aubuisson who, according to former U.S. Ambassador Robert White, is a man of "pathologically murderous Right-wing instincts." Even the none too squeamish Salvadorean military High Command has rejected him as too violent for the country's good.

His five-month-old party is committed to a programme of reversing the moderate reforms initiated by President Duarte. D'Aubuisson, who is referred to in special U.S. handouts as the "leader of ultra Right-wing extremists," has proclaimed long and loudly that President Duarte is an agent of international communism and that his policies are tantamount to Marxism-Leninism.

With his background, Major d'Aubuisson is the last man the State Department wants anywhere near the levers of power. Continuing U.S. aid to El Salvador and thus any chance of keeping the country safe from a Left-wing take over depends, after all, on the U.S. Congress being satisfied by President Reagan in July that there has been some improvement in the human rights record in the country. With Arena in power this seems unlikely and without Congressional approval U.S. aid will automatically cease.

President Duarte (left): not yet an absolute majority. Major d'Aubuisson (right): committed to a programme of reversing reforms

The State Department, having trumpeted the fairness of the elections on Sunday despite, in the view of some observers, their manifest inadequacy, now has to live with the verdict. Consequently in the past two days, Washington has been making it very clear privately to d'Aubuisson that he will have to change his tactics very rapidly indeed if he is to receive continuing U.S. help. And in an interview, Major d'Aubuisson told me on Monday that he knew the economy was only four to six months away from total disaster.

Duarte himself seems to have been squeezed from both sides although his party is still the largest in the country. He lost the support of many moderates because he could not get through the modest reforms which they thought were essential. And all those on the right, who had reason to fear even these reforms, have thrown their weight behind Duarte's opponents. D'Abuisson, meanwhile, may have won about 30 per cent of the vote, but he finds his newly gained power circumscribed by the State Department's attempts to prevent him from carrying out any extremist policies.

Yet the Left have also lost. Despite the boycott of the poll by the parties of the Left—any left-wing candidate would have gone in fear of his life—the turn-out was much greater than expected and revealed a desire for peace through the ballot box.

The guerrilla insurgents, who have not been able to consolidate a permanent and unchallenged hold on any major part of the country, will have to take account of this. Some voters may have feared Government reprisal if they were shown not to have voted but there was also clear enthusiasm for the ballot box—a plain rebuke to the militaristic left.

That leads naturally on to a consideration of the last great losers on Sunday, the people of El Salvador themselves. The most sensitive and hard-fought issue in the intense propaganda war that surrounds this election has been the proportion of Salvadoreans who were really able to vote.

At a Press conference on Monday, Mr Howard Penniman, a U.S. electoral expert who helped prescribe the complex system of invisible ink used on voters fingers and identity cards on Sunday made the astonishing claim that perhaps 85 per cent of the electorate had turned out.

Seeing that the population is over 5m, of whom 42 per cent are over the voting age of 18, the electorate should have consisted of 2.1m voters. The number who did in fact vote is likely to prove to have been just over 1m—or less than 50 per cent.

The rest are to be found in the grim refugee camps inside and outside El Salvador or among the hundreds of thousands of Salvadoreans who, for one reason or another, did not have the identity card needed to vote.

The way forward after the last tumultous and inconclusive few days will be a difficult one. U.S. pressure and the power of the Christian Democrats may achieve the seemingly impossible and produce a coalition with some minor right-wing party which would put the Christian Democrats back into power.

But it seems more likely that the U.S. Administration will now become involved in a tough struggle to curb Arena so that in late July it can present to Congress some picture of progress which would allow the massive aid that the Salvadorean government now wants if it is to stave off military and economic collapse.

The strong right-wing showing meanwhile makes the chance of any direct negotiations between the Government and the insurgents unlikely. But in the last analysis there is no other solution to the stalemate produced by the irresistible force of the guerrilla insurgency and the immovable object of the Government's unshakable control in the cities.

Washington: euphoria, but the doubts will not go away

AFTER Monday's unbridled public jubilation about El Salvador's "stunning commitment to the power of the democratic process," as Mr Alexander Haig, the U.S. Secretary of State, described the election, it may be hard for the U.S. Administration—and even the U.S. media—to return to a more sober assessment of the country's political future, if this turns out to be necessary.

In the first flush of enthusiasm about what Washington regards as a surprisingly high turnout in the election, political leaders of both Right and Left, as well as the U.S. media, seemed to forget many of their earlier misgivings. Even Democratic leaders in the Congress and the newspapers declared themselves highly impressed.

Senator Christopher Dodd, one of the leading proponents of negotiations with Salvador's Leftists, announced the was impressed by the turnout; Senator Paul Tsongas, another strong critic of Administration policy, declared that Sunday had been a "very important day" in El Salvador's history. The Washington Post, a liberal newspaper which has, however, been moving behind the Administration's policy in recent weeks, said in its editorial that "the U.S. gambled on the elections and won," and commented: "We hope the result will not be lost on Mexico, France and the socialist international which have uncritically boosted the guerrilla cause."

However, there was one notable absentee from the public celebrations — President Ronald Reagan himself.

Throughout the crisis in Central America, the President's political advisers in the White House have urged him not to become personally identified with Administration policy in El Salvador. The only recent reference to the war there in any of the President's prepared statements came in two paragraphs at the end of his Caribbean Basin speech.

It is understood that these paragraphs were added at the last moment by the President personally, against the strong advice of his political staff and at the behest of the State Department, which has been sensitive about the ambivalence in the White House towards its policy — an ambivalence motivated not by ideological differences but simply by the concern about public popularity, which is the White House staff's main driving force.

As the dust settles in El Salvador during the coming days and weeks, Mr Haig, too, may come to focus increasingly on the riders which he has added to his endorsement of the elections: the U.S. would maintain its support for a new Salvadorean Government only if its leaders remained committed to the programme of economic, social and human rights reforms initiated by the Duarte régime.

He has also said that a new government should "hold out the hand of conciliation" to leftists who are prepared to renounce violence.

Although the Salvadorean Ambassador in Washington hinted on Monday night that a Government of national unity could be formed which would even possibly have "membership open to leftist parties," it is unlikely that he was speaking for the rightist leaders who now look like dominating the political scene in El Salvador.

They have repeatedly ruled out talks with leftist leaders, called for a military victory over guerrillas and denounced even the limited reforms of the Duarte regime. The hope in the State Department is that extreme rightists under U.S. pressure may prove more able to institute reforms than a more moderate government which was always looking over its shoulder at the extreme Right.

If this hope turns out to be unfounded, another view, which was widely held until Sunday will doubtless re-emerge. Mr Robert White, the former U.S. Ambassador to El Salvador who was relieved by the Reagan Administration, has argued consistently that the elections would only weaken the Duarte regime and the centrist forces and the hope of any reconciliation.

He had pointed out that an election in which the Left did not participate was largely meaningless and that even a turnout of around 50 per cent would be very low by the standards of Latin American democracies, where 70 or 80 per cent normally turn out to vote.

"We must remember that the dictatorships of Latin America have controlled their countries for 50 years by means of elections," he said last weekend. After all the jubilation surrounding Sunday's election, he may yet turn out to have been tragically correct.

Anatole Kaletsky

Men & Matters

Sweet chariot

Perhaps the reflected glow of four Hollywood Oscars will help bring some cheer to Merseyside. For it was there that most of Chariots of Fire, the award-winning film about athletes Harold Abrahams and Eric Liddell, was shot less than two years ago.

Liverpool's town hall doubles in the film as the British embassy in Paris, and Birkenhead's floating landing stage as a quay at Dover, with an old Isle of Man steam packet disguised a Channel ferry.

Bebington, a middle-class suburb in the Wirral, provided the old six-lane cinder track which, with a bit of carpentry, was fitted out as the Stade Colombes at the time of the 1924 Olympic Games.

Local club athletes competed for medals against the actors, but ran slowly enough to lose. Hundreds of extras came straight off the dole, if only temporarily, for £10 a day plus lunch. Many others took time off work to join in the fun, including the FT's man on Merseyside Ian Hamilton-Fazey, who appears for about three seconds in the film as a dignitary in the royal box.

Contrary to the area's reputation, there were no labour relations problems and the film was completed on time and to budget. The experience, locals suggested yesterday, should not be wasted. With the Mersey estuary available as the Red Sea, Southport's sands as the Sinai desert, and 130,000 jobless as extras, there would be no difficulty with a remake of The Ten Commandments.

"This is turning out to be a marriage of inconvenience!"

Hit number

It surprises me that the Budget has not rated more interest from the theatre. Why has nobody set Sir Geoffrey Howe's monetarism to music? Or staged Denis Healey's soft-shoe shuffle to the IMF?

After all, it has taken only one magazine article by U.S. budget director David Stockman to inspire a Washington modern dance company's "mini-ballet."

The article, betraying a cynicism about Reaganomics that almost cost Stockman his job, provides the themes for a finale entitled "None of us really understands what's going on with all these numbers" —and a quote from the budget director's piece.

Stockman's role is danced by 64-year-old, 5 feet mother of four Jessica Rea, a one-time associate of Martha Graham. Chanting "cut, slash, divide, and trim," she chops the air with her arms to set the mood of the performance.

Another dancer quotes: "Whenever there are great strains or changes in the economic system, it tends to generate crackpot theories which find their way into the legislative channels." Then the cast run around the stage imitating crackpot theories in search of channels.

Stockman, apparently, is amused. "But he's got much bigger things to think about," says an aide. Like selling the film rights?

Who's counting

"Not everybody is an Einstein." A Swiss newspaper consoled its readers with that thought after revealing that only one Swiss citizen in every hundred polled had the right answers to nine simple numerical questions.

The test included: What is more—300,000 or a quarter of a million? . . . A cup of coffee is L40 and a piece of cake 1.70—what is the total you have to pay? . . . A suit has been marked down from 149 to 94—how much did the buyer save?

I will not make it easy for FT readers by printing the answers on another page as the Swiss paper felt obliged to do.

The implications for the world of high finance are grave. That formidable dynasty the gnomes of Zurich seems to be fading away.

Space war

Rupert Murdoch, proprietor of The Times and the Sunday Times, is not the man to duck a fight. But in the last week he has lost the first round of a struggle to win the hearts, minds, and—most important—the cash accounts of many of the leading London estate agents. The rival posh Sunday, the Observer, has thrown down the gauntlet. Murdoch is confidently expected to pick it up and thus ensure a long hot summer for all the Sunday paper advertising men.

A TV ad at the weekend promoted property advertising in the Observer and showed in quick but readable succession the boards of 20 leading London estate agents.

All had signed contracts to advertise in the Observer and were getting a free ride on the telly campaign which, together with some poster advertising will cost the Observer £250,000 during the next four weeks.

But there is more going on than meets the casual viewer's eye. The estate agents have mostly withdrawn from the Sunday Times property advertising columns in favour of using the Observer and have agreed to allow their names to be used on television to drive home the point.

They claim that property advertising rates in the Sunday Times are now roughly three times higher than those in the Observer after taking into account discounts and special deals for long bookings.

The Observer is pursuing the London property market with aggression believing that house sales will smarten up now that interest rates have fallen.

Riding high

Texans will soon be able to check their horses in as excess baggage when they travel on American Airlines, one of the large U.S. carriers based in Dallas. But there's a catch. The horse must stand no more than 3½ ft high.

A vogue for miniature horses is apparently sweeping the state and the airline decided to establish a special tariff so that enthusiasts can take their pets around to shows. The horses have to be able to fit comfortably in special kennels which American has fitted into its baggage holds and the charge is $40 a trip.

It may not be quite what the Texas Rangers had in mind. But they're getting there.

Observer

David Fishlock, Science Editor reports on some of the exciting prospects for the future

Big plans for small biotechnology

DR BRIAN WILLOTT, chief executive of the British Technology Group, modestly disclaims any ambitions to revolutionise British industry. There will be no more hovercrafts—a reference to the £2.5m the National Research Development Corporation once spent demonstrating a new "flying train" which British Rail rejected—"unless they are pretty special, and I can't see many of those."

Today's target is "high-technology, leading-edge, highly intellectual ventures." This is the kind of activity very familiar to Dr. Willott, a former Cambridge research physicist of 41. Previously, he says, the NRDC tended to respond to demands rather than take initiatives. The NEB, on the other hand, busied itself trying to develop national strategies for flagging areas of industry, such as microelectronics and medical instruments.

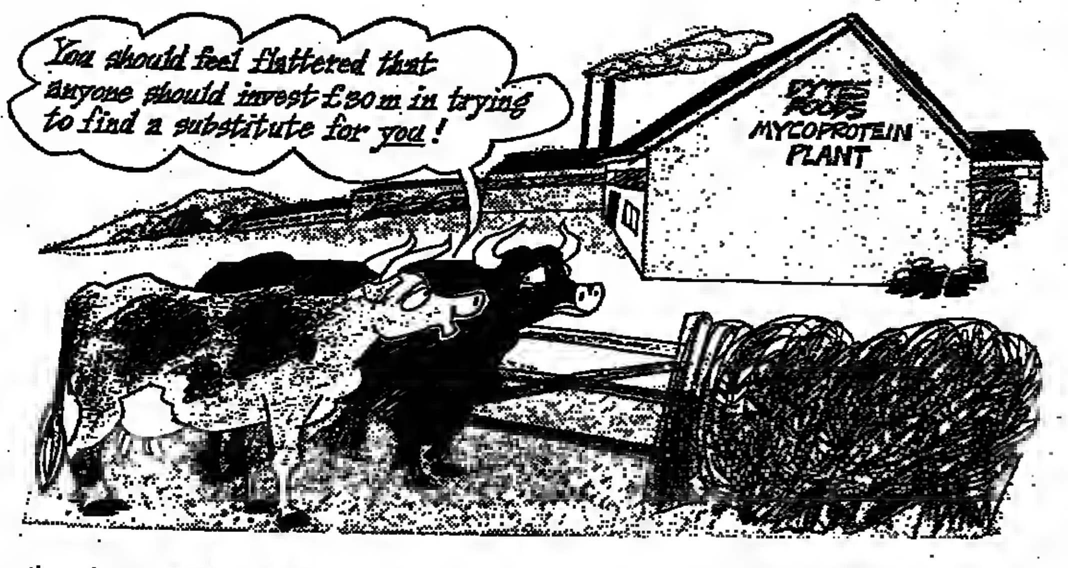
BTG, which unites the NEB and the NRDC, is developing a strategy for the support of biotechnology, a technology which—like micro-electronics—is expected to permeate vast tracts of British industry in the 1990s although, as the Lombard column yesterday suggested, short-term profits may be hard to find.

Biotechnology is the activity in which the group foresees its biggest investment in the next few years. Provided the private sector is willing to match the money, BTG expects to invest about £15m in biotechnology in the next five years. This will be in addition to a current commitment of £13m in over 40 British projects, including several in "genetic engineering," the leading edge of biotechnology.

Joint venture with private sector

Mostly the target is "small biotechnology"—the specialised, high-premium product—rather than competition with such British biotechnology giants as Beecham, Glaxo and Wellcome. But Rank Hovis McDougall is one special case "where we're helping it across a difficult financial gap."

The 40-odd projects in the portfolio at present span the entire range of commercial activities of BTG—from the funding of academic research and help to set up production lines, to strategic investments with such partners as RHM and the Prudential.



This summer BTG hopes to launch a new venture to exploit some new British agricultural science. The plan is to mount a joint venture with private-sector (institutional) finance to exploit research BTG is already funding in universities and the Agricultural Research Council's institutes.

This venture has been called "Celltech's country cousin." Celltech is the biotechnology joint-venture conceived by the NEB and launched late in 1980 with four institutional investors (British and Commonwealth Shipping, Midland Bank, TDC and the Pru).

But the sobriquet strikes the wrong note, believes Mr David Beattie, director of the science and engineering division of BTG's investment group. There will be nothing dilettante about the venture.

Nevertheless, "we regard Celltech as the kind of innovative venture we'd like to do more of," Dr Willott says. "It fills a very clear gap—one industry was not in a position to fill." The three facets of Celltech "we're proudest of" are that the venture involved private-sector capital from the outset; that it has cemented strong links with British universities; and that it is turning research into saleable products as fast as its highly-publicised rivals in California. Celltech is seeking to exploit a British academic engineering invention from Cambridge; a way of making monoclonal (extremely pure) antibodies, for which a world market worth £250m by 1985 is forecast.

In Dr Willott's view, the private sector alone could not have set up a Celltech if only because many academics vital to the venture would have baulked at becoming "poodles" of one of the large companies, as he puts it. "The state involvement made it more respectable to them."

Celltech is the biggest single slice of BTG's biotechnology investment, £5m of the £13m committed. Next comes Speywood Laboratories, a joint venture with Prutec, venture-capital arm of the Prudential. Each partner has committed £2m to refinancing the company.

The company's business is separating highly-prized traces of very pure proteins from the blood of pigs. Its basic technology — blood fractionation — was obtained from Monsanto by Mr David Heath, the entrepreneur behind the seven-year-old Speywood venture. He has a cross-licencing agreement with Monsanto.

The £4m invested late last year will allow the company to compete in a highly-specialised niche of the drug industry, supplying missing blood factors for patients of rare diseases such as haemophilia.

The third strategic joint investment made with the private sector is in a company called Dytes, set up last spring with RHM, the bakers. The project involves a new form of high-quality protein. RHM's scientists have learned to grow a micro-fungus by biotechnology from the carbohydrate abundant in many plants. RHM claims that, since 1964, it has spent about £30m at current prices learning how to make it in continuous fermenters, and in piloting it through the food regulations to win, in 1980, formal government approval for the world's first new man-made food.

RHM's problem was that it ran short of cash to spend on what, 17 years after it began, is still a high-risk venture because of the uncertainty whether the public will buy a new factory-made food. First it had to persuade the food-processing industry to take its meat-like mycoprotein and test-market novel food products.

Through the joint venture Dytes, the NEB and RHM agreed to share the cost of operating the pilot plant—about £1m a year—producing up to a tonne of fibrous mycoprotein a week to supply the food processing industry. The pilot plant itself was originally funded with NRDC assistance a decade ago, but RHM subsequently bought out its partner—at a profit to NRDC.

In the past year the joint venture has persuaded British-based food companies—BTG will not disclose names—to invest their own research funds in making and test-marketing new products from mycoprotein. BTG expects to invest another £1m or so in the product evaluation stage before the private sector is ready to take the commercial leap to a 1,000-tonnes-per-year demonstration plant, then a 30,000-tonne commercial plant.

In addition, BTG has a couple of much smaller investments in companies operating at the frontiers of bio-science. These investments have been made through its small-companies division, using "minimum-fuss" financing arrangements to keep down legal and administrative costs. Minimum-fuss investments go up to about £60,000.

Cambridge Research Biochemicals, a very recent "minimum-fuss" investment, is the result of an NRDC initiative in helping to set up an indigenous source of peptides, a premium niche of the pharmaceutical market manufactured by biotechnology.

Floranova, of King's Lynn, is a plant-breeding venture, using a short-cut in plant breeding techniques known as haploid induction to cultivate high-value ornamental plants such as African violets and geraniums. It was started in 1978 by a group of Hull University graduates led by Dr Mike Hough and today boasts three PhDs.

Most of BTG's 40-odd biotechnology investments, however, are projects still being groomed for their commercial debut in university and government laboratories—the truly venture capital part of BTG's operations, where it is making a long-term investment in intellectual property, Brian Willott says. This comes under Dr Ron Homer, director of the chemical and biological sciences division of BTG's technology transfer group. He is backing the development of 15 projects involving genetic engineering, five involving new vaccines (including vaccines for hepatitis and dental caries), and another 13 projects involving microbes and enzymes.

From Dr Homer's division will be transferred the first potential technologies and products of the planned agricultural venture, just as Celltech made a fast start with monoclonal antibodies. "I believe we've got things that will make it go quickly," David Beattie says. "We hope it will attract high-calibre scientists."

Corporate strategy too new for many links

This spectrum of biotechnology investment, from the frontiers of the science to relatively low technology, is representative of BTG corporate strategy at work—"more even-handed in opportunities than most areas," as Brian Willott sees it. The corporate strategy is still too new for many links yet to have been forged between ventures in the various BTG groups—operations, small-companies, and technology transfer, etc. "But we've almost got a BTG banger between the bone protein and the mycoprotein," jokes Dr Jim Cain, deputy chief executive.

Tax based incomes policy

A costly strategy for tackling union power

By Patrick Minford and David Peel

THERE has recently in Britain been an outbreak of interest in "tax-based incomes policy" (TIP), originally put forward by Sidney Weintraub and subsequently by Brooking-based economists in the U.S.

Most recently Professor Richard Layard of LSE has suggested that the growth of each firm's wage bill per man in excess of some norm would be subject to tax. His TIP would be revenue neutral so that at appropriate intervals the NI surcharge would be reduced to offset exactly the previous periods' inflation tax receipts.

This proposal deserves attention if only because the Liberal/SPD Alliance is apparently considering it.

Layard argues that the equilibrium level of unemployment depends on the difference — excess real wage demands — between the rate of growth of "target" real wages and that of sustainable real wages based on productivity growth. Excess real wage demands cannot be delivered by the economy and consequently in the long run unemployment has to rise to choke them off.

But, as expected, inflation rises towards this previous inflation rate — adaptive expectations — so inflation itself rises because wage increases now reflect the additional expected inflation.

Layard argues that an incomes policy which could reduce excess real wage demands would lower the equilibrium unemployment level. It would also reduce the perceived political cost in unemployment of getting inflation down. Unemployment need now only be held constant, instead of being raised, for some period to exert sufficient deflationary pressure.

However, short term incomes policies would clearly be useless for shifting equilibrium unemployment while long term policies dictating real wage levels will not be politically acceptable in a market economy; hence the TIP which allows and yet permanently influences real wage adjustment.

Layard accepts that his tax proposal would impose costs; it would discourage expanding firms from raising wages so slowing labour market redeployment, discourage productivity agreements, create a bias towards unskilled labour (since the tax is imposed on average earnings) and have administrative costs. He regards these costs as a price worth paying, but claims that within each of three different models of the labour market (union monopoly, bilateral bargaining, and full competition), TIP will lower real wages and in this way reduce unemployment.

We strongly dispute these claims*. In the competitive model TIP will on average leave unemployment unaffected because the rebate equals the tax; yet it will also introduce serious distortions, penalising fast growing sectors and subsidising the slow-growing. In the bilateral bargaining model TIP can equally well lower as raise employment depending on prior bargaining strength: if the prior bargain had restricted the supply of labour, the TIP would depress it further.

> ‘Layard is right to identify union power as a major cause of unemployment.’

It is the union monopoly model that Layard appears to regard as the most relevant since he has suggested that TIP is a tax on union power. In this case, however, there is a good chance that TIP as it stands will have the opposite to the desired effect, raising real wages and unemployment because the rebate subsidises the level of real wages while the tax is on their rate of change. Hence it may well pay the union with a normal discount rate to get a real wage increase over quickly so that the firm gets a subsidy in future periods on the higher real wage level.

We would not wish to rule out the possibility that some appropriately reformulated TIP Mk 2 could get around these difficulties, probably at the cost of greater complexity and administrative cost. Yet even so; TIP Mk 2 woud be suboptimal as a way of reducing union monopoly power because of its serious and freely admitted side-effects. If TIP were the only way of reducing union power, then this might be defensible. But this is not the case.

Union power is essentially conferred by law, particularly the 1906 Immunities Act and the 1976 Employment Protection Act legalising the closed shop. The law ensures that a union can offer substantial benefits to the majority of its members at the expense of others. Since the law is the source of the distortion of union power, the optimal way to remove union power — because it would have no side effects — is to change the law and to ensure that the new law is effectively policed.

It is sometimes objected that TIP is politically possible, whereas changing the law is politically impossible. This "political impossibility" presumably arises out of union hostility. Yet why should unions resist TIP any less than legislation which reduces their monopoly power by an equal amount? The objection is illogical.

Sometimes TIP has been described as an "inflation tax." It is *not*. For it cannot in our (and indeed Layard's) view affect inflation except transitorily, independently of reduction in the growth of monetary demand (deflation). Layard suggests that it may help to make deflation politically easier — in common with other measures lowering equilibrium unemployment.

But this is questionable. The true costs of deflation in terms of unemployment are *not* affected by such measures. Furthermore, Layard's account of deflation substantially exaggerates these costs, as well as the Government's powers to manipulate unemployment.

Layard is right to identify union power as a major cause of unemployment, and right to look for a "supply side" measure to combat it. Our argument is simply that TIP Mk 2, as a tax on union power, is bound to be a relatively costly measure; it threatens both serious distortions and an administrative nightmare. It is better to change labour law and its policing.

* *EIU Economic Prospect, April 1982*

Patrick Minford, Professor of Applied Economics and David Peel, Senior Lecturer of Economics, Economics and Business Studies, University of Liverpool.

Letters to the Editor

Cannibalising the real values of businesses

From Mr H. Wigman

Sir,—What is a recovering company to do if its lead bankers "pull their plugs"? It cannot just forget the interests of employees, suppliers, shareholders and, yes, its bankers too. Equally, the Bank of England (surely the Department of Industry as well?) cannot procure a desirable solution — for Stone-Platt — in March 1981 and appear powerless to prevent a viable industry being sacrificed on the altar of short-term financial need.

Though German and Japanese banks may be stretched in recessions through long-term loans in their industries, ours — a generous Chancellor willing — enjoy enhanced unearned endowments and publicly propitiate their critics by helping build "life-boats" without having to man them! One suspects that Japan and Germany have performed much better than we have because their banks are less myopic.

What sense does it make for banks to pursue "retail" mortgage business while withholding support from the wage paying employers? Redundant employees are not affluent for long!

If the banks have too much free finance because industry cannot afford to use it then Great Britain Ltd is in for more than a long haul. To quote Leslie Pincott (March 23) "... cannibalising the real values of businesses does nothing for Great Britain Ltd . . . it is a horrendously archaic approach to an engineering company half-way through its restructuring at the very bottom of the recession. . . ."

Do banks acting in this way appreciate how close their actions are to the bully who kicks the crutches away from the patient recovering from surgery? Do they need his crutches so badly?

H. Wigman.
155, Beverley Drive, Edgware, Middx.

The continuing argument about lead in petrol

From the Chief Medical Officer, Associated Octel Co

Sir,—Dr Jones (March 23) maintains that Mr Stokes was misinformed in his letter of March 15 on the matter of the use of lead-free petrol in the U.S. This is not so. The reason why lead-free petrol had to be made available was because of the introduction of a noble metal catalyst incorporated into the exhaust system to reduce gaseous emissions held responsible for the formation of photo-chemical smog in California, Los Angeles in particular. The presence of lead inactivated the catalyst. Had the catalyst not been required the use of lead additives in petrol would have been reduced, but not eliminated. At the present time about half the cars in the U.S. are catalyst equipped and require lead-free petrol, but the older cars with no catalysts still run on *leaded* petrol of greater lead content than is permissible in EEC countries.

The present debate in the U.S. is whether or not to continue with the lead phasedown programme as they are already in the area of diminishing returns. There is no evidence from the U.S. that the use of lead-free petrol has improved the health of the nation by a reduction of lead absorption and consideration is being given to a possible extension of the use of leaded petrol. The studies in Frankfurt, Germany of blood lead concentrations in the city population after lead in petrol had been reduced from 0.4 g/l to 0.15 g/l in 1976, confirmed the minimal effect of such action.

The new evidence quoted by Dr Jones linking children's intelligence with lead levels is no more confirmatory of adverse effects than earlier studies. It is interesting how Dr Jones appears studiously to avoid mentioning those studies which have shown no effects at concentrations of lead in blood considerably in excess of those quoted by him.

His interpretation of the study of New York school children is fallacious. No correlation was shown between blood lead and leaded petrol sold in New York; the data given related to petrol sold in the area around New York, which differed from that sold in the city. There was, however, a correlation between a reduction in blood lead levels and improvement in home conditions, as a result of elimination, or reduction, of household lead-based paint. Also, as the blood lead screening programme progressed, children were included from areas of lower risk, who would be expected to have lower concentrations of lead in their blood.

There is no evidence which shows "that low level lead exposure is a major cause of intellectual deficit in urban children" or that "the health effects of lead in petrol are nothing less than catastrophic, when applied to the population as a whole." Such emotive language is inexcusable in an accredited professional. Lead in petrol makes a small contribution to the body burden of lead, estimated by measurement as about 10 per cent, as shown by the Frankfurt study.

During the 1970s, the amount of lead used in petrol in the UK remained much the same annually, but lead in food decreased, as shown by surveys of the Ministry of Agriculture and Fisheries, as also did lead in blood (shown by the EEC survey). These findings do not indicate a significant level of contribution from lead in petrol to the body burden and lend no support to the exaggerated claims of the Campaign for Lead-Free Air, as expressed by Dr Jones.

Dr P. S. I. Barry.
PO Box 17, Oil Sites Road, Ellesmere Port, South Wirral.

Move more traffic at night

From the Managing Director, Fine Tubes

Sir, — I see that yet another body, this time the Centre for Policy Studies (March 24) is advocating the conversion of railways into roads.

From its own statement, the outcome is likely to be the creation of a network of sub-standard roads. For example, do we really want 6,875 miles of single-carriageway roads or, worse still, 4,500 km of 6-metre roads ? And do the railroads—no pun intended—start where traffic originates and go where it wants to go?

It becomes much more interesting when it refers to a 16-hour traffic-day. One of our most under-utilised assets is the national motorway and trunk-road system between the hours of, say, 9 pm and 6 am. An imaginative approach — higher speed limit? lower road-tax?—aimed at encouraging the transfer of, particularly commercial, traffic to these deserted hours would cost little, reduce industry's costs, reduce accidents, and could be accomplished immediately "at the stroke of a pen."

If, of course, we did not have to spend three years and countless committees consulting "interested parties."

T. M. Barclay.
Estover Works, Crownhill, Plymouth.

The size of a board

From Dr T. Jones.

Sir,—The proposals of the Secretary of State for Industry for smaller nationalised industry boards and a greater proportion of part-time members seems to be based upon some misconceptions about the size and mix of similar sized large private companies.

A survey of 11 companies from "The Times" top fifty companies showed that the average size of private company boards was 15 compared to an average of 12 for nationalised corporations.

All but one of the private companies had a majority of full-time members, with a ratio of full-time to part-time members of 1.8. Of the 20 nationalised corporations surveyed only five had a majority of full-time members and the ratio of full-time to part-time was 0.6. This is clearly the reverse pattern to the one expected, which suggests large numbers of part-time directors on many private company boards holding multiple directorates and, therefore, bring with them a wider range of relevant experience.

Private sector directors held six directorates on average compared to three for their public counterparts. If the number of appointments held is an indicator of quality then public sector directors are clearly an inferior group. The latter, however, do come from a wider range of backgrounds and occupations and do bring a wider experience of the country to their appointments.

Since, however, the Minister is responsible for all appointments and conditions of work and salaries are substantially lower in the public sector, *perhaps the Minister should concentrate on raising salaries and attracting better qualified full-time directors.*

(Dr) T. T. Jones.
University of Manchester
PO Box 88, Manchester.

Shorten the Boat Race

From Mr J. Sutherland

Sir,—Michael Donoe (March 27) makes the odd assertion that the Boat Race is an attractive sporting event because of its sheer unpredictability.

Although it was more exciting this year, the likely winner is usually out in front after a few hundred yards, and steadily increases the lead to the very end. It might be less predictable if the distance were reduced from four and a half miles to two.

J. D. Sutherland.
41 Westella Way, Kirkella, Hull, North Humberside.

The unwanted dividends

From Mr A Miskin

Sir,—Lex (March 22) points out that the highly taxed private investors, and the unit trusts which serve them have a preference for capital gains over dividend income whereas the pension fund managers have a clear preference for dividends.

Last year I analysed the performance of shares of all quoted companies which announced a cut in dividend during the months of February and March, some 42 companies in all. The analysis covered a period of three months prior to the announcement and the three months subsequent to the announcement and consisted of comparing daily price movements with movements in the FT All Share Index. After making the usual adjustments for risk, an investor holding a portfolio of an equal number of shares in all 42 companies would have seen a 4 per cent fall in the value of his portfolio the day after the announcement. Were he, however, to hold this portfolio for a further six weeks, he would have obtained a capital gain of 10 per cent during this short period.

In looking for explanations for this pattern, which had a high statistical significance, it was concluded that the immediate fall in value was precipitated by the fund managers who acted on the day of the announcement and sold substantial holdings thus driving the price down. The longer information channel to the highly taxed private investor resulted in a slower period of price recovery which took six weeks before reaching an equilibrium price.

There appears to be two important conclusions for the investor: if he holds shares in a company which announces a cut in the dividend, then he should not sell for at least six weeks, and investing in companies which have just announced a dividend cut leads to substantial, short-term capital gains.

A. J. E. Miskin.
Manchester Business School,
University of Manchester, Booth Street West, Manchester.

Politics and sport

From Mr B. MacMahon

Sir, — L. Moir (March 25) asks why Bristol City football Club is appealing to local MPs and the Sports Minister.

It is heartening to me, and I am sure it equally so to its chairman, Leslie Kew, to know that it appeals to someone!

B. S. MacMahon.
14, Fernbank Road, Bristol.

Reckitt and Colman rises to £66m

A 22.6 PER CENT increase in eecond-helf profits to £37.28m gave Reckitt & Colman a pre-tax figure of £66.35m for the year ended January 2, 1982—a rise of 24.8 per cent on the previous year's £53.17m. A large part of the advance arose in the UK.

At the interim stage, the directors said that the rate of increase in profits for the second half would not be as high as the 27.7 per ceot gain in the first six months, but that full year figures should be satisfactory.

The rise in UK profits was especially beneficial in 1981 becsuse the effective tax charge on these was very low. As a result, earnings attributable to ordinary holders rose by some 43 per cent from £26.83m to £38.39m and earnings per 25p share were ahead et 31.1p (21.74p). Tax took £24.85m (£22.77m).

The final dividend is beiog stepped up from 8p to 6p net making the lotal paymeot higher at 9.8p (8.8p) per share.

Total sales of the group, whose producis areas cover food and wine, household and toiletry, pharmaceutical, industrial and leisure, showed an advance of 13.6 per cent to £827.18m. Trading profiis were up 16.6 per cent to £78.75m, before cbarging interest of £12.4m (£14.38m) wbicb fell as a result of careful cash control.

The weakening of sterling egainst most other currencies in 1981 produced e benefit of £1.82m to group taxabla profits.

Current cost profits before tax were £48.2m (£32.4m) representing 68 per cent (61 per cent) of historic cost figures.

In the UK. domestic sales ahowed an improvement of 6.2 per cent over 1980 and profit before tax recovered to £19.46m, with particularly good performancea coming from the consumer product divisions. tn the pharmaceutical division the benefits of resiructuring came through in 1981, wbile at the same time the divisiion maintained an effective research capsbility.

In Europe (excluding UK), wbile sales were level with 1980, profit increased by 14.7 per cent. Because of the strength of sterling sgainst most continental curreocies, pro6t in France and other parts of continental Europe was adversely affected on translation.

The group's food business in North America made progress in 1981 with a good improvement in botb sales and pro6t. Marketing expenditure was increased and effort successfully concentrated bebind key brands.

However, Sunset Designs mede a losa in the first half and this situation continued during the rest of 1981. The sector in wbich it trades bas been severely hit by the recession and in addition some surplus stock bad to be written down. Management cbanges have been made and the position is expected to improve during 1982.

The progress looked for in household products will involve continued Investment which is bound to affect profit from the U.S. in the eerly years. The directors are, however, confident that this move will be of long term benefit.

The group's trading performance in Africa, with sales up by 27.2 per cent and profit by 22.4 per cent, was very satisfactory, the directors state.

In Letin Americe sales increased by 17.6 per cent while profit remained at the same level as 1980. The group's business in Argentina increased sales volume and market share under difficult trading conditions. In Mexico, Reckitt & Colman accelerated its growth in household and food products and trading performance wes good.

Reckitt & Colman Australia increased sales, in local currency terms, by 18.8 per cent and profit by 6.5 per cent over 1980. The year was marked by increased marketing expenditure, higher interest and e strong increase in competitive activity.

In New Zealand the group's business recovered well with a good advance in sales and pro6t. In Asia the gronp's businesses in India, Pakistan, Sri Lanka and Bangladesb, ell of which are publicly owned, performed well. A new fectory was opeoed in Singapore.

The directors conclude that Reckitt & Colman's plans are based on the firm belief that the company will continue to progress.

At the end of 1981 net borrowing at £51.16m was £9.58m less than at the end of 1980. Better profit margins and improved efficiencies largely accounted for this.

Towards the end of 1980, Sir Michael Colman succeeded Mr Martin Harris as finance director. Mr Harris, who during 1981 became a non-executive director, was paid the sum of £120,000 npon the early terminetion of the agreement under which be performed executive duties.

See Lex

Standard Chartered ends £27.9m higher

WITH a bsd debt provision £4.1m lower at £55.4m, taxable profits of Standard Chartered Bank improved by £27.9m to £260.4m in 1981, followiog a mid-term rise from £121.3m to £139.2m.

On the result, the dividend total is being lifted 14 per cent from 32.8p to 37p, with a final half payment of 23.2p net, and a one-for-two scrip issue is also proposed.

Commenting on the figures the directors say profits from UK foreign exchange and Eurocurrency operations increased substantially, and some improvement was recorded io UK instalment finance busioess.

In South Africa, commercial banking profits improved but this was offset by the effect of rising ioteresl rates on instalmeot finance business. There was, however, a strong profit performance in the rest of Africa.

Operations in the East saw rising costs and more competitive trading conditions bul this sector maintained its major profit contribution.

Meanwhile, in North America the group suffered from volatile interest rates and bullion dealing profits were significantly lower, compared with the exceptional trading conditions of 1980.

The sterling value of overseas pre-tax profits increased by some £16m from the eppreciation of foreign currencies agaiust sterling.

As regards bad aod doubtful debt, the provision broke down es to: specific £44.8m (£52.6m); general £10.6m (£6.9m).

A triennial valuation of group properties disclosed e surplus of £246m, of which £12m related to minority ioterests.

Total group assets during the year increased by 29 per cent to £20bn, partly due to the depreciation of sterling.

Tax for the 12 months took £101.9m (£100.4m) leaving the net surplus ahead from £132.1m to £158.8m. Minorities showed little change with profits of £23.6m (£23.4m), while this tima there were no exceptional credits against £50.3m, and no extraordinary addition, £1.1m a year ago. This meaot that tbe attributable balance declined from £160.1m to £134.9m and, after dividend payments took £31.9m (£28.1m), the retained result showed a £29m shortfall at £103m.

Earnings per £1 share are stated at 156.1p, standing against 125.8p pre-extraordinary liems and 184p after.

See Lex

Beazer rises and makes £2.9m rights

Beazer (Holdings) expanded from £1.61m to £1.65m foc the six months ending December 31 1981 with Westbrick Products making a positive contribution to the results.

Westbrick was Incorporeted into Beazer's accounts from October last year and in the three months to end-December it contributed profits of £286,000

The directors say the acquisition shows every indication of being abla to produce a reasonable return on the investment made.

The group, a property developer and contractor, is stepping up its net interim dividend from 2.4p to 2.7p per 10p sbare and at the same time is making a rigbts issue to raise £2.9m.

It is issuing 2,405,540 naw ordinary shares of 10p each at 125p on a six-for-25 basis

The directors anticipate a total dividend of 7.9p for the full year, against 7p paid for 1980/81 from pre-tax profits of £3.48m.

Group turoover for the six months totalled £18.35m (£12.97m) and trading profits came through £432,000 higher at £1.65m.

● comment

Less than 18 months ago, Beazer launched a rights issue in order to reduce borrowings and belp finance an expansion into the south east. Since that time, the shares bave gained 74 per cent in velue and Beazer is back to seek twice as much money for similar reasons. The struggle for Westbrick resulted in a cash outlay of more than £3.5m as few of the acquired company's sbarebolders chose the partial share option. The company will not say how mucb borrowing bas gone up, but the enlarged equity base will mean that capital gearing will be lsrgely unchanged at about 30 per cent at the year's end. Beazer has a good record bebind it—earoings per sbare more than tripled in the three years to last June, bitting a slated 32.1p. This figure migbt slip in the current year, but the fully-taxed eps, 16p last year, will be bettered. The south-east expansion in housebuilding is on target and the gronp expects 100 units to be finished this year. This growth and the group's eye for useful acquisitions are the key to Beazer's future. The sbares eased 2p yesterday to 153p, so the ex-rights price has a prospective yield of 7.8 per cent. Net asset value per share after the rights will be about 150p.

Kuwaitis to oppose Lonrho proposals

By John Moore, City Correspondent

Gulf Fisberies, the Kuwaiti-controlled investment group and one of the largest shtareholders in Lonrho, is intending to oppose Lonrho'a plans to increase its borrowing limits to £1.5bn.

Lonrho's plans to increase its borrowing limits for future expansion and development are to put to shareholders at this Friday's annnal general meeting.

As at September 30 1981 Lonrhn's borrowing limit, equal to twice the total of the capital and reserves of the group, was £976m. The revised limit will be equal to three times the total of the capital and reserves of Lonrho, its subsidiaries and associated companies.

The Kuwaitis, old adversaries of Mr Tiny Rowland's Lonrho, are understood to be unhappy with the performance achieved by the existing expansion programme of Lonrho. They feel that the existing borrowing limits are sufficient to maintain a development and expansion programme.

Gulf Fisberies holds about 15 per cent of the Lonrho equity and its objection to the borrowing scbeme, if it decides to vote against, will be more than cancelled nut by Mr Rowland's own personel shareholding in Lonrho. Mr Rowland, the group's chief executive, is also Lonrbo's largest shereholder with a near-17 per cent stake.

At last year's annnal general meeting Gulf Fisheries attempted to stop Lonrbo incressing its capital from £72.5m to £85m by the creation of 50m new shares of 25p each. But the motion to increase the share capital was carried, in spite of opposition from the Kuwaitis who argued that there was "no justification" for the increase.

Dividends Announced P26

Saatchi chief confident on prospects

Cable and satellite television wonld produce major opportunities for the advertising industry and Saatchi & Saatchi was positioned to take advantage of those opportunities, Mr Kenneth Gill, chairman, told the AGM.

MEAL first quarter figures showed the company's main agency Saatcbl & Saatchi Garland-Compton tn be the fastest growing agency in the UK and its sister company Dorlands to be the second fastest. "We look forward with confidence to 1982 and the years ahead," be stated.

Tom Whyte on Sangers board

The faces round the boardroom table at Sangers Group are changing yet again. For the first time since his Bermuda based investment company, Paget Agencies disclosed a major stake 20 months ago, Mr Tom Whyte is taking a seat in a non-executive capacity. Proposals for his appointment were put forward in February and were implemented yesterday.

Tha vacant post of chief executive is now filled by Mr Bryan Flynn, first appointed to the board et Mr Whyte's suggestion earlier this year.

Out goes Mr Gaorge Robinson wbo resigned yesterday as chairman and in comes Mr John Briggs, e newcomer, whose other interests include directorships at Bunzl, Blagden Industries and Tbird Division high-flier, Reading Football club.

Sangers bad been struggling to contain losses in the once dominant wholesale pharmaceuticals division but the decision to sell all but two of its 14 branch chain of depots is expected to raise £2m of net casb by the time the deal is completed in August.

The disposal will leave the group with two profitable branches in Northero Ireland, a photographics business and e pharmaceutical agency network wbich bas succeeded in cutting recent losses.

SPAIN

March 30	Price %	+ or —
Banco Bilbao	342	
Banco Central	339	
Banco Exterior	302	
Banco Hispano	314	
Banco Ind. Cat.	110	
Banco Santander	341	
Banco Urquijo	204	
Banco Vizcaya	361	
Banco Zaragoza	241	
Dragados	157	+4
Espanola Zinc	60.5	
Fecsa	51.2	+0.2
Gal. Preciados	36	
Hidrola	62.2	−0.8
Iberduero	62.5	+0.5
Petroleos	93	+0.1
Petroliber	99	
Sogefisa	90	
Telefonica	72.2	+1.2
Union Elect.	63.2	−0.5

THE TRING HALL USM INDEX
120.9 (+0.4)
close of business 30/3/82
BASE DATE 10/11/80 100
Tel: 01-638 1591

LADBROKE INDEX
Close 559-564 (+6)

British Aerospace £5.6m above prospectus forecast

AS PREDICTED at the interim stage, British Aerospace has turned in profits for 1981 wbich are above the forecast of £65m, made in the prospectus issued in February, 1981. The document related to the offer of half the equity of the former wholly-nationalised organisation.

Following the first-half profits increase from £21.3m to £30.6m, the group's taxable results for the year were up to £70.6m, compared with the previous year's £52.8m.

A final dividend of 4.8p nat makes the foresbadowed total of 7.8p per 50p shara for 1981.

Gronp sales climbed from £1.42bn to £1.66bn. At the end of 1981, the group's order book was valued at £3.89bn, against £3.5bn a year earlier.

At the trading level, profits were up by £2.9m to £95.1m. This 6gure was stated after a provision of £8m, set up following the collapse of Laker Airways, to cover a limited obligation accepted by the group in connection with the financing of three Aicbus A300s sold to the airline.

Trading profits comprised £59.2m (£61.7m) from the aircraft operation, £33.2m (£28.1m) from dynamics and £2.7m (£2.4m) from subsidiaries.

The pre-tax result included associates contributions of £1.2m (£0.8m) and interest recelved of £24.8m (£14.5m), but was after charging launching costs of £50.8m (£54.4m).

The board says that after a thorough review of new civil aircraft projects it bas decided to write off these costs, representing design and development expenditure incurred in 1981, most of wbicb was in respect of the BAe 146 and the Airbus A310.

As envisaged at the time of the offer for sale, all expenditure incurred in the year on jigs tools and education for the BAe 146 has been carried forward for amortisation against future sales.

Net profits for the 12 months rose from £51.8m to £62.6m, after tax up from £1m to £8m. The 1980 result was before an extraordinary credit of £62.7m and distributions of £8.1m relating to the Governmenl's former investment.

Stated earnings per share were 32.1p on a net basis and 35.5p (33.5p) on a nil distribution basis.

Current cost figures show net earnings per share of 15.7p and earnings of 19p (8.8p) on a nil distribution basis. CCA pre-tax profits were £37.7m (£3.3m).

See Lex

HIGHLIGHTS

Lex looks at the figures from British Aerospace, the first since it became a fully-fledged public limited company. Pre-tax profits of £70.6m are well ahead of the £65m forecast when the company went public last year, while the dividend is held on target. Reckitt & Colman bas produced quite a big bounce in pre-tax profits in 1981, from £53m to £66m, tbanks to a strong performance in the domestic market. The dividend payout bas been raised by 15 per cent. Lex then goes nn to review two international banks' results. At Commerzbank, the parent company produced its second year nf a break-even result. Operating profits recovered considerably but the bank had tn make substantial provisions against its securities and loans portfolio. While at Standard and Chartered, a stodgy performance in the Far East is the main reason that profits growth was beld down to a modest 12 per cent.

Cape Industries drops to £2m

TAXABLE profits of Cape Industries fell from £5.74m to £2.19m in 1981, on turnover roughly maintained at £216.99m compared with £218.76m.

Stated earnings pec 25p share sank by 9.4p to 7.6p and the dividend for the year is being halved to 5.6p net with a final of 1.7p (7.3p).

At the balf-year stage, this Charter Consolidated subsidiary which manufactures building and automotive components, was already behind with pre-tax profits nf £3.34m (£4.62m).

Looking to 1982 the directors do not expect much if any growth in the group's markets, but the elimination of loss-making business and improvements in productivity sbould bring considerable benefits in the longer term.

The building and insuletion divisinn, which made trading profits 41 per cent lower at £7.5m (£12.83m) was affected for the second year by a significant fall in the general level of demand in the building and construction market, which resulted in volume loss and pressure on margins.

Current cost adjustments produced pre-tax losses of £2.9m (£100,000).

● comment

A 62 per cent drop in pre-tax profits is not the whole story of Cape Industries' wretched year: at the bottom line there was a loss of almost £4½m. Sharply reduced losses on the automotive side were almost entirely the benefits of rationalisation, but Cape hopes that the business will break even this year. The real sbock is the performance of the building and insulation division, with trading profits falling by over 40 per cent. Having boosted capacity in 1978-79, Cape bas been bit by mucb reduced demand and the entry into the market of firms such as BPB and BP. The loft insulation business bas been sold off, but the 1980 Newall acquisition bas now cost the company about £15m and managed only to break even. Capital expenditure totalled about £14m last year, a figure which will not be apprnached in 1982, and gearing has risen 6 points to 39 pec cent. The dividend has remained invinlate for 20 years. Yesterday the final was slasbed by ovec 70 per cent, and the cbairman admits "we got it wrong—we should have cut the interim." Having fallen 7p to 163p on Monday, the share price plummeted to 120p before rallying to 130p. On e p/e of about 35, it could well have suffered more, were it not for the asset backing of 248.4p. The shares yield 6.2 per cent.

Grampian Holdings declines to £1.04m

TAXABLE PROFITS of Grampian Holdings for 1981 finished lower at £1.04m, compared with £1.45m, following a sharp downturn in the industrial service division's profits from £1.8m to £945,000.

Mr D. C. Greig, the chairman, explains that this division continued to trade in difficult market conditions which resulted in lower profit margins. He adds, however, that consumer goods profits (up from £97,000 to £533,000 pre-tax) were greatly helped by improvement in both tourist retail and Mitre Sports.

With a significant proportion of the Grampian's assets in the transport and plant hire, Mr Greig says that this division will reflect the group's ability to progress in 1982.

Group turnover for 1981 fell from £64.74m to £58.37m.

Although full year earnings per share are shown as being well down at 7.2p (10.24p) a same-again final dividend of 3p holds the net total at 4.5p per 25p share.

The pre-tax figure was after parent company expenses, including bank and debenture interest not otherwise allocated, of £438,000, against £434,000 — last year there was also a share of loss of an associate amounting to £15,000. Tax took £229,000 (£330,000) and minorities a same-again £10,000.

There was a retained loss of £1.09m (£189,000 profit) after extraordinary debits of £1.37m (£394,000) relating principally to rationalisation and redundancy costs at Millard Brothers, together with a deficit on the disposal of the assets of Hall Electric.

CCA adjustments reduce the taxable surplus to £106,000 (£7,000) and on the same bases there was a loss per share of 1.99p (3.96p).

● comment

Grampian has shed its mini-conglomerate image and is now a rather dull transport company with a few other bits attached. The company has ploughed more than £6m into road haulage equipment and plant over the last two years despite the sickly state of the transport industry. Not surprisingly, financing costs knocked a hole in profits from this division. At the pre-tax level, they dropped to £0.8m from £1.5m last year. Any real recovery now awaits a speed-up in transport activity. The booming business of selling Scottish woollens to tourists has brought a welcome recovery to the consumer side of Grampian's business. These sales now account for about a tenth of turnover and are growing. The disposal of Pinnacle and Hall and the acquisition of C-Vet won't make much difference to next year's profits, which should reach about £1.25m. The maintained dividend is uncovered and the shares, at 61p, rest heavily on the 11.1 per cent yield.

Booker McConnell ahead after second-half upturn

WITH an increase of 14 per cent in pre-tax profits at Booker McConnell, Mr Michael Caine, chairman, claims the group has "turned the corner." Taxable profits rose from £15.17m to £17.29m for the year ended December 31, 1981.

"We expect the improvement in profit achieved in 1981 to continue into 1982," he adds. Second-half taxable profits improved by 36 per cent. At the interim stage the directors expected the full year profit would exceed that of 1980.

The final dividend has been lifted from 1.875p to 2.125p which raises the total by 12 per cent to 3.5p. Earnings per ordinary 25p share improved from 9.48p to 10.2p.

"Encouraging increases have been achieved in food distribution and agriculture," says Mr Caine, "and action has been taken to eliminate losses in a number of the engineering businesses." Progress has been made on many fronts, he says, particularly in the rapid turnaround to profit by Plenty in engineering.

"In agriculture, Ibec had a very successful year," says Mr Caine, "Arbor Acres' performance in chicken broiler breeding was outstanding." Health products, spirits and liqueurs, and authors all had encouraging results.

"We expect to make a profit in engineering in 1982," adds Mr Caine, "even though Fletcher and Stewart faces another loss of about £1m."

Food distribution, with consumer demand still depressed, is nevertheless benefiting from past rationalisations. However, in shipping, the recession in Caribbean trade continues to make the outlook uncertain.

After job losses in the engineering and food distribution divisions, the total group workforce stands at 17,750 compared with 21,000 a year ago.

The chairman expects to see "quite a noticeable" reduction in group borrowings throughout 1982. They will look at acquisitions to strengthen existing businesses, but will be "very selective."

A *breakdown of pre-tax profits* by division shows: engineering losses £916,000 (losses £1.35m); food distribution £5.96m (£4.21m); health products and pharmacies £2.98m (£2.9m); spirits and liqueurs £3.52m (£3.21m); international trading £789,000 (£916,000); shipping £108,000 (£1.37m); agriculture £1.97m (£1.3m); authors £900,000 (£757,000); parent company losses £5,000 (losses £544,000).

Turnover rose from £834m to £933m. Pre-tax profits were struck after higher depreciation of £10.83m (£9.81m), hire of plant and equipment £1.55m (£1.07m), redundancy and closure costs £1.21m (£846,000), and interest charges of £8.94m (£9.56m). There was also a surplus on fixed assets disposals of £752,000 (£1.06m).

Minorities took £1.99m (£2.4m). Tax rose from £903,000 to £2.54m.

There was an extraordinary debit this time of £6.03m (credit £1.6m) which Mr Caine says was mostly attributable to engineering. The debit included increased termination costs for discontinued businesses of £2.51m (£756,000).

On a current cost basis pre-tax profits amounted to £10.88m (£7.67m).

● comment

The Booker McConnell empire ranges from agent 007 to chicken genetics, but it was the less esoteric mainline businesses that were chiefly responsible for the 14 per cent rise in pre-tax profits to £17.3m. Food distribution now represents almost 40 per cent of group profits and 1981's performance incorporated an 87 per cent improvement in the second half, benefiting from rationalisation in the wake of the two 1980 acquisitions. The recession in the West Indies has a lot to do with the depressing outlook in shipping but the decimation of profits can partly be blamed on such non-trading aspects as IRA bombs, the seamen's strike and a Caribbean typhoon. The company is busily disinvesting out of Africa but still has about £2m of assets locked up in Zambia. Gearing averaged out at around 50 per cent, no better than in 1980 acquisitions. The recession in U.S. interest rates has been reduced. All the engineering losses, and then some, can be blamed on Fletcher and Stewart. Booker has sold off the ill-judged 1978 Thermotics acquisition and cut the engineering workforce by 20 per cent, but 1979's profits of almost £6m look very distant. After the results the share price rose 4p to 70p, yielding under 7½ per cent on the increased dividend, but the p/e of about 13.6 seems demanding.

Second half fall hits Bambers

ALTHOUGH improving turnover by 31 per cent to £39.55m against £30.21m, excluding VAT, pre-tax profits at Bambers Stores suffered a downturn from £4.4m to £2.66m in the 53 weeks to February 6 1982. The fall in profits came in the second half when the figures were down from £3.28m to £1.18m.

The final dividend is unchanged at 0.9p for an improved net total of 1.7p against 1.55p.

The directors say the recession in the UK continued throughout the year, and the last two months were seriously affected by the extreme weather conditions. These factors led to a significant reduction in operating margins.

They say it was also a year of further development of the group's strategy to provide a larger product range—it manufactures and retails ladies' and children's wear—to be sold in larger and more modern stores.

As a new accounting policy, the cost of developing and opening such stores, which amounted to £592,000 during the period, will be written off in equal instalments over the next five years.

Trading profit for the year, excluding property, was lower at £4.16m (£5.47m), and there was a profit of £1.36m (£1.54m) on the sale of property less closure costs. The pre-tax figure was struck after bank charges and interest of £1.71m (£1.73m), and depreciation and amortisation of £1.15m (£888,000). There was a tax charge of £263,000 against £239,000 and after an extraordinary debit of £75,000—goodwill on acquisition of subsidiaries written off—attributable profits emerged at £2.32m (£4.16m). After dividends, £612,000 (£557,000), retained profits were £1.71m (£3.6m).

Stated earnings per 10p share were down from 11.57p to 6.66p before extraordinary item.

Exports cushion Dreamland loss

A 17 PER CENT rise in exports helped cushion the fall in UK demand for electric blankets, but did not prevent Dreamland Electrical Appliances from finishing 1981 with taxable losses of £252,00, compared with profits of £827,000. Turnover fell from £11.24m to £8.9m.

With losses per 10p share stated at 1.37p (6.769p earnings) the final dividend of this electric blanket and fire detection equipment manufacturer, is being passed (0.85p net), following an interim payout of 0.35p.

The company staged a recovery in the second half with pre-tax profits of £541,000 (£726,000) against losses of £731,000 (£101,000) in the first six months, and the directors point out that before increased interest charges and redundancy costs, the second half trading profits were £850,000.

Mr Freddie Williams, chairman, says the group's long-term plan to increase overseas sales, resulted in exports at a record level of £2.12m, 17 per cent higher than the previous year and contributing 24 per cent of total group turnover.

Mr Williams says the losses were "not expected during one of the worst periods in the history of our industry, with all major distributors running down stocks and consumer spending dropping to an all-time low at retail outlets in the past quarter.

The group's performance would have been worse but for an extended period of consolidation during 1981 he says.

"The stringent cost controls and economies of the past 18 months should ensure a speedy return to satisfactory profit levels."

UK trade customers were reluctant to invest in out-of-season stocks because of high interest rates, and a normal level of sales in the past quarter was not achieved due to mild weather in October and November and loss of trade confidence in an immediate recovery in consumer demand.

The severe weather in the second week of December was too late to affect the financial result for the year and while consumer demand did increase this was satisfied from trade stocks.

Sales in Holland, Belgium and South Africa grew steadily and the group now has fully-operational subsidiary companies in both the former markets.

It is the group's intention to supplement these sales by expanding into other markets, notably Italy, where stencil products will be manufactured for a leading manufacturer and distributor, and Australia, where a licencing agreement is being pursued.

There was a tax charge of £42,000 (£625,000 credit). Current cost adjustments increased the taxable losses to £469,000 (£433,000 profits).

Charterhall in the red

A NET LOSS of £53,388 is reported by Charterhall, the oil, gas and mineral exploration group, for the six months to December 31, 1981. This compares with profits of £84,787 in the corresponding period of the previous year. There was again no tax charge.

Total income rose from £694,494 to £856,251. Interest receivable was down from £353,064 to £137,037, and interest payable increased from £61,907 to £82,933. The charge for depreciation and depletion rose from £21,344 to £115,319.

Charterhall has an 0.316 per cent working interest and a 4.013 per cent net production interest in the Buchan oil field in the North Sea, and this produced income of £311,386 from oil sales. This compares with £98,712 in the second half last year—the initial contribution. Sales of investments were down £5,000 to £144,000.

Again no interim dividend is proposed, and a decision on the recommendation of a final dividend will be made when the full results for the year are known in September. Last year's single payment was 0.3p from net profits of £362,432.

The directors say the results reflect the lower level of bank interest received due to the investment of further funds in oil and gas ventures in the UK, Australia and North America during the past year, as well as an increase in overheads incurred as a result of the group's continued expansion.

They say the group is well-placed to capitalise on its planned future growth when the substantial income from its Buchan net production interest is received. This will commence when payout is achieved, which is the time when development costs have been fully recovered. This is now expected to occur in early 1983.

The Buchan Reservoir has continued to achieve production rates frequently in excess of 70,000 barrels per day with no water being produced, but exceptionally adverse weather conditions during the winter have resulted in prolonged periods without production. Up to March 25, 1982, a total of 8.1m barrels have been produced.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims:—A.B. Electronic Products, Park Place Investments, W. Tyzack and Turner.

Finals:—Babcock International, Bowthorpe, British Mohair Spinners, Bunzl Pulp and Paper, R Cartwright, Croda International, Dinkie Heel, Dorada, Guardian Royal Exchange, Jamesons Chocolates, Legal and General, Magnolia (Mouldings), Molins, Silkolene Lubricants, Weir Group, Wilkinson Warburton.

FUTURE DATES

Interims:—

Beckman (A.)	April 6
Equity Income Trust	April 15
Trans-Oceanic Trust	April 1
Walker (Thomas)	April 5

Finals:—

Associated Book Publishers	April 7
Aurora	April 8
Brit. Printing & Communication	April 5
Delta	April 21
English National Investment	April 27
EIS	April 18
Feb International	April 15
Highlands and Lowlands	†April 8
Hunslet (?)	April 7
Jerome (S.)	April 5
Jersey General Investment	May 26
Keep Investment Trust	†April 2
Lyle Shipping	April 14
Menzies (John)	April 20
Roberts (?)	April 7
Sindall (William)	April 6
Watts Blake Bearne	April 6

†Amended

Companies and Markets

UK COMPANY NEWS

£2m downturn at APV but dividend lifted by 6.6%

SECOND HALF pre-tax profits at APV Holdings fell from £11.16m to £9.86m, and figures for the whole of 1981 were lower at £16.32m compared with £18.56m. Turnover of this holding company with interests in processing and heat transfer equipment for industry, improved by £11m to £293.1m.

The final dividend is raised from 6.2p to 6.8p net, for a total 6.6 per cent higher at 9.6p. This is the 15th consecutive year in which the dividend has been increased, say the directors. Dividends absorb £2.66m (£2.49m).

Mr H. P. Benson, the chairman, says overseas profits after interest were maintained at £10.8m, but UK profits were down by £2.2m. There were outstanding performances from the South African companies, and an improvement from Bell Bryant Group in Australia, and the U.S. companies, except Crepaco. There was a combined profit reduction of £4.2m from Crepaco, the group's largest U.S. company, and APV-Paramount, the UK foundry.

Rationalisation of operations continued during the year involving closures and reorganisations in many factories, mainly in the UK and the Republic of Ireland. The costs amounted to £863,000 after tax, of which £575,000 related to closures. These costs were charged as an extraordinary item, as in 1980.

Mr Benson says orders received in the first two months of 1982 show an improvement over 1981, but he does not expect any dramatic increase in the order book this year. In the UK, he says prospects for sales to the brewery, marine and chemical industries remain depressed. But there are signs of improved business coming from the food and dairy customers.

Overseas, prospects remain quite good, but there is some concern, he says, regarding the U.S. where Crepaco's orders have, as yet, shown no sign of improvement.

During the year, the group continued to reduce its cost of operations in the UK, and in the past two years the workforce has fallen by 25 per cent. Its competitive position has also been improved by the weakness of sterling, so unless the world recession deepens, he would expect a modest increase in profits for the current year.

The 1981 results benefited by £765,000 from currency translation. Group net borrowings were reduced by £180,000, and the debt equity ratio was reduced from 26 per cent to 22 per cent.

The group's pre-tax profits were struck after interest charges up from £2.54m to £3.12m and associates' losses of £50,000 (£91,000). Tax was lower at £5.4m (£6.78m), with overseas tax accounting for £4.55m (£4.45m).

After minority interests of £563,000 (£464,000) and extraordinary debits of £490,000 (£596,000), net profit attributable to the parent company was £9.93m (£10.72m). Retained profits after preference and ordinary dividends came out at £7.17m (£8.12m).

Stated earnings per 50p share were 37.27p (40.49p) basic, and 33.29p (36.08p) fully diluted. On a CCA basis, pre-tax profits were £9.1m (£10.5m) and earnings per share 10.95p (12.17p) basic, and 10.46p (11.52p) fully diluted.

● comment

Crepaco, the U.S. food engineering subsidiary, is likely to remain the thorn in the side of APV Holdings in the current year. The main UK trouble spot APV Paramount foundry has been shaken out and, with orders showing an upturn, promises a good profit in 1982. But for Crepaco, high U.S. interest rates have choked off investment in the type of large scale projects which is its lifeblood. Its operations have been tightened up to some extent and the parent now seems prepared to let it ride out the recession. Following the surgery at home and the upward trend in orders elsewhere overseas APV anticipates a modest profit rise this year. However, the lower interest costs arising from the better net debt to equity ratio will probably be offset by the absence of any major currency gains next time. The dividend lift and better prospects yesterday raised the shares 3p to 268p for a fully-taxed historic p/e that expresses some caution at 10.

TSB Trust lifts profit to £0.83m

A STRONG RISE in pre-tax profits last year, from £373,000 to £830,000 is reported by the TSB Trust Company, the insurance and unit trust arm of the TSB Group.

Tax charge left the net figure well ahead from £217,000 to £408,000.

These figures exclude any surplus arising from the valuation of the Trust's life fund or any profits from the Channel Island subsidiaries.

Senator R. R. Jeune, chairman of the TSB Trust Company, pointed out that this year the life fund had shown a surplus of £2.8m after years when the actuarial valuations had produced very little surplus. He referred to the need of a newly formed, fast growing life company to build up reserves and solvency margins.

The life fund rose in value during 1981 from £172m at the beginning of the year to £243m at the end. Premium income advanced by one-half from £65.6m to £96.9m, and investment income from £9.2m to £13.4m.

The Trust's general insurance business expanded significantly with premium income virtually doubling to £9.9m. The popular home insurance scheme saw premiums rise from £400,000 to £1.4m.

Unit trust funds under management increased from £186m to £220m. Sales amounted to £28m last year, most of this coming from life contracts.

Wolstenholme improves

RECOVERY at Wolstenholme Rink has mainly occurred at the group's principal subsidiary, which has helped produce a 16 per cent rise in pre-tax profits from £1.13m to £1.31m for 1981.

There are so many uncertainties in the world economic outlook, say the directors, that it would not be sensible to attempt to forecast profits for the current year.

The total dividend is lifted from 5.75p to 6.25p net with an improved final of 3.75p (3.25p). Stated earnings per ordinary 25p share rose from 15.2p to 17.3p.

Second half pre-tax profits moved ahead from £328,000 to £685,000. The directors say that productivity has improved considerably at the group's principal subsidiary, Wolstenholme Bronze Powders. This, coupled with more favourable exchange rates, helped to improve margins on slightly increased volume sales.

The group is mainly involved in producing bronze and aluminium powder, and in merchanting pigments and chemicals.

Gains were also made at H. Heeffner and Procter Johnson. The later was particularly successful in the export market. However these gains have been counterbalanced by a fall in the profits of Openshaw, which suffered from a setback in the printing industry.

The directors add that the recession in America particularly affects Wolstenholme Bronze Powders which makes significant exports to that market.

Group turnover rose from £14.67m to £15.94m. Pre-tax profits were struck after lower investment income of £36,033 (£41,341). A provision of £63,000 was made for the group profit sharing scheme. The charge for tax rose from £390,228 to £438,951.

Minorities took £14,233, this time leaving higher attributable profits of £860,719 (£744,037).

On a current cost basis attributable profits were £367,262 (£298,070) and earnings per share came to 7.6p (6.1p).

Newey maintains recovery

Continuing its recovery from pre-tax losses last time, Newey Group, hooks and eyes, snap fastener subsidiary of William Prym-Werke, finished the year to January 3, 1982 with a taxable surplus of £521,000, against a £104,000 deficit. Turnover declined from £15.66m to £13.28m.

At halfway, the company staged a £246,000 turnround to a pre-tax profit of £181,000.

All subsidiaries traded at a profit during the year, directors state, with Newey Goodman making a small trading profit for only the second time since 1974.

Pre-tax figure for the group was after interest, £391,000 (£540,000). Tax for the year was £105,000 (£70,000) and minorities took £18,000 (£10,000).

There were extraordinary debits amounting to £1.17m (£135,000 credits) which related to the closure of the two Birmingham factories and concentration of residual activities in one location at the company's premises at Tipton.

94 companies wound up

Compusory winding-up orders against 94 companies have been made by Mr Justice Mervyn Davies in the High Court. They were:

File of Industrial Data, Cashgate, A.T.O.G., Olins & Richmond, Opelbond, Hayden Film Productions, Landspan Freights (South Wales), Seaway Publications, Fennmint, Handsworth Roadways.

Feelime, Interline (London), Felix Field Company, Labice Properties, Micon Drafting Services, Presidio, Adraville, Expert Decorators, Queens Hotel & Entertainment Centre.

John A. Hillman Consultancy Services, Prometco (Produce & Metals) Company, Kleptomania, Juschi's, Paobond, Rick Wakeman Enterprises, Basil Smith, Cyl-Press, Cavwest Transfrigo, Baal Records, Laurel Fitted Furniture.

Pexbrin, Sheafway, Keymer Caterers, Hoodway, Delvepalm, Court Sports, Saffa International, Allchurch Hutchin & Co., W. Malik and Company, Concord Business Equipment, Prospect Career Development & Management, Detayles, Network Communications, Brimsdown Storage Rentals.

Ramsey Securities, Pemry, May Products (Commercial Vehicles), Audio Magnetics Incorporated (UK), Peterswood Holdings, John Redgrave Productions, Crowflies, Sinkglow, W.T. Crowley & Sons, Triscape, Wallking Painting Co., Unity Travel Services.

Image Enterprises, Honflay, Marchway Productions, Russetflare, Grosswood Antiques, Carron Securities, Chemiller, Diawan-I-Am Restaurants, Mecca Estates Consultants, 65 Harley Street, Starmount Fashions, Karemead, Juftan Investments.

Celtic Shipping Services, Tinomanda, Crossways Freight, Transea UK, Buckell Engineering Company, Aylward Building Services, Simpco, Lanalad, Beenscene, Glynridge, Harrison Cliff and Goedhuis (Vintners).

Brigstar, Hampass, Frost Industrial Services, Tejal Export & Import, Forgedale Building, Nick Abson Productions, S.N.F. (London), W.L. German, James Heading Associates, The Glendower Hotel, Grabglow, B & J Reinforcements, Ayrlect Mechanical Services, Janjuson Company.

A compulsory winding up order made on March 22 against Partay Enterprises has been rescinded and the petition dismissed by consent.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
American Trust	1.55	—	1.4	2.25	2.1
APV Holdings	6.8	May 19	6.2	9.6	9
Bambers Stores	p.9	June 30	0.9	1.7	1.55
Beazer (C. H.) ...int.	2.7	May 17	2.4	—	7
Booker McConnell	2.13	July 1	1.88	3.5	3.13
British Aerospace	4.8	—	—	7.8¶	—
Cape Inds.	1.7	—	7.3	5.6	11.2
Charterhall ...int.	Nil	—	Nil	—	0.3
Desoutter Brothers	3	May 15	3	5.7	5.7
James Dickie	1.5	—	1.5	3	3.94
Dreamland Electrical	Nil	—	p.85	0.35	1.2
Emess Lighting ...int.	3	May 6	2.75	—	6.75
Ferry Pickering ...int.	0.91	—	0.91*	—	2.36*
Grampian Hldgs.	3	—	3	4.5	4.5
Home Counties	3.25	May 21	4.75	5	6.5
House Property	4.5	May 27	3.5	6	4.5
Kleinwort, Benson	7	May 25	6	10	9
Lambert Howarth	3.6	May 18	2.91	4.75	4.06
Reckitt & Colman	6	July 8	5	9.8	8.5
Rohan	6.25‖†	May 21	5.7	11.55†	10.5
Spirax-Sarco	3	May 21	2.7	4.7	4.4
Standard Chartered	23.2	May 26	20.5	37	32.5
H. & J. Quick	p.92	—	p.62	1.45	1.15
Wolstenholme Rink	3.75	May 28	3.25	6.25	5.75

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM Stock. § Total 7.9p anticipated. ¶ In line with prospectus forecast. ‖ Irish pence throughout.

EUROPEAN OPTIONS EXCHANGE

Series		May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
GOLD C	$325	4	20	—	—	3	42	$324.50
GOLD C	$350	9	7	7	19	8	27	
GOLD C	$375	26	3.10	3	10	6	20	
GOLD C	$400	9	1.50	4	8	19	12	
GOLD C	$425	—	—	5	4.30 A	—	—	
GOLD P	$300	ep	8	55	10	4	11	
GOLD P	$325	—	—	7	17	5	20 B	
GOLD P	$350	—	—	15	29.50	—	—	
GOLD P	$375	—	—	1	48 B	—	—	
12¾ NL 91 87-91								
C	F.107.50	—	—	70	4.80	—	—	F.111.90
C	F.110	—	—	237	2.40	—	—	"
C	F.112.50	e	0.90	—	—	5	2	"
C	F.115	—	—	10	0.80	—	—	"
P	F.112.50	—	—	200	1.90	—	—	"
12 NL 91 85-88								
C	F.102.50	—	—	40	2.50	—	—	F.104.70
10¾ NL 80 86-95								
C	F.97.50	—	—	80	5.90	—	—	F.101.30
C	F.100	—	—	05	2.30	—	—	"
C	F.102.50	—	—	10	1.20	—	—	"
11¼ NL 82 88-92								
C	F.102.50	27e	1.50	—	—	—	—	F.103.30
O	F.105	50	0.30	—	—	—	—	"
		April		July		Oct.		
AKZO C	F.22.50	8	7.40	10	7.80	—	—	F29.80
AKZO C	F.25	28	4.90	30	5.40	30	5.80	"
AKZO C	F.27.50	104	2.50	5e	5.80	37	5.70	"
AKZO C	F.30	258	1	86	1.80	169	2.2P	"
AKZO P	F.30	60	0.80	42	1.80	40	2	
AMRO C	F.50	13	P.60	—	—	—	—	F.50.10
NEIN C	F.40	—	—	1P	1e.7P	—	—	F.56.50
HEIN C	F.45	52	11.60	—	—	—	—	"
HEIN C	F.50	10	7	13	7.3P	—	—	"
HEIN C	F.55	102	2.10	—	—	9	4.40	"
HOOG C	F.17.50	—	—	—	—	26	1	F.15.7P
KLM C	F.100	e7	9.30	—	—	—	—	F.109.7P
KLM C	F.110	75	3	8	9.3P	—	—	"
KLM C	F.120	27	0.8P	—	—	—	—	"
KLM P	F.80	—	—	40	0.90	—	—	"
KLM P	F.100	—	—	13	5.50	—	—	"
KLM P	F.110	1e	4	—	—	—	—	"
NEDL C	F.110	—	—	41	12	—	—	F.118.1P
NEDL C	F.120	—	—	42	5.20	—	—	"
NEDL C	F.150	8	P.40 A	18	3	—	—	"
NEDL C	F.140	—	—	1P	1.40	—	—	"
NEDL P	F.110	15	P.50	—	—	—	—	"
PHIL C	F.17.5P	—	—	30	5.7P	—	—	F.23.90
PHIL C	F.20	55	4 A	—	—	—	—	"
PHIL C	F.22.50	150	1.50	339	2.20	75	5	"
PHIL C	F.25	38	0.20	265	1	178	1.40	"
PNIL P	F.20	—	—	—	—	100	0.5P	"
PNIL P	F.22.50	10	0.10	—	—	—	—	"
PNIL P	F.25	—	—	—	—	53	2.30	"
RO C	F.70	—	—	23	16	—	—	F.86.90
RO C	F.60	498	7 A	64	7.90	15	8.90	"
RD C	F.90	322	0.90	515	2.60	195	3.70	"
RD C	F.100	30	0.10	—	—	—	—	"
RD P	F.80	10	0.30	75	1.60	65	2.40	"
RO P	F.90	06	5.30	—	—	—	—	
UNIL C	F.140	10	17.50	10	17.60	—	—	F.156.80
UNIL C	F.1eP	30	1.20	15	5	—	—	"
		May		Aug.		Nov.		
MANN C	DM.150	10	20	5.60	—	—	—	DM.148
SIEM C	DM.220	10	6	—	—	—	—	DM.220

TOTAL VOLUME IN CONTRACTS: 5487

A=Asked B=Bid C=Call P=Put

LONDON TRADED OPTIONS

March 30, Total Contracts 1,401 Calls 942 Puts 459

Option	Ex'rcise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP (c)	940	52	9	—	—	—	—	299p
BP (c)	260	69	—	40	11	46	—	"
BP (c)	280	1e	21	2e	—	30	1	"
BP (c)	300	6	1	15	3	22	7	"
BP (c)	330	1½	—	6	0	12	—	"
BP (p)	260	4	75	9	—	10	—	"
BP (p)	300	19	1	22	20	28	—	"
BP (p)	360	74	10	74	—	—	—	"
CU (c)	130	13	—	20	9	94	—	140p
CU (c)	140	5	9	15	7	19	2	"
Cons. Gld (c)	390	9	—	25	1	37	3	382p
Cons. Gld (p)	360	6	1	1e	—	20	—	"
Ctlds. (c)	50	69	—	49	1	—	—	88p
Ctlds (c)	60	90	—	32	2	—	—	"
Ctlds. (c)	70	19	83	23	—	05	—	"
Ctlds. (c)	90	2	89	14	110	18	1e	"
Ctlds. (c)	90	3	04	7	90	11	67	"
DEC (c)	700	196	10	140	—	—	—	919p
DEC (c)	800	30	11	60	—	87	—	"
GEC (p)	760	4	10	12	—	—	—	"
GEC (p)	800	12	4	25	19	34	—	"
Gr'd Met. (c)	200	17	—	2e	3	29	—	214p
Gr'd Met. (c)	220	4	4	19	—	17	—	"
Gr'd Met. (p)	200	4	—	8	9	11	—	"
ICI (c)	300	20	2	34	—	49	—	514p
ICI (c)	530	7	—	17	2	29	—	"
ICI (c)	360	0	—	9	6	16	—	"
ICI (p)	980	1	2	4	—	—	—	"
ICI (p)	300	4	—	12	4	19	7	"
ICI (p)	330	19	10	23	25	2e	—	"
ICI (p)	560	46	1	49	—	e0	—	"
Land Sec. (c)	250	57	0	—	—	—	—	290p
Land Sec. (c)	360	9	—	18	14	29	—	"
Mks & Sp. (c)	110	46	5	50	—	—	—	154p
Mks & Sp. (c)	130	25	—	56	15	34	6	"
Mks. & Sp. (c)	140	16	20	21	—	25	—	"
Mks & Sp. (c)	160	4	4	7½	9	11	30	"
Shell (c)	550	48	—	58	5	68	—	672p
Shell (c)	360	19	1	35	2	46	—	"
Shell (c)	390	6	9	12	6	29	1	"
Shell (p)	330	1½	130	7	70	10	—	"
Shell (p)	360	2	—	16	1	20	—	"
		May		August		November		
Barclays (c)	460	13	1	25	—	40	—	458p
Barclays (p)	460	10	—	29	10	27	—	"
Imperial (c)	20	33½	—	37	—	—	16	03p
Imperial (c)	70	93½	—	07	5	—	—	"
Imperial (c)	80	16	6	18	6	91	—	"
Imperial (c)	90	5	—	10½	62	13½	—	"
Imperial (c)	100	1½	10	6½	15	7	—	"
Imperial (p)	100	0	—	10	—	12	5	"
Lasmo (c)	960	55	3	66	—	75	—	310p
Lasmo (c)	300	04	12	30	—	45	0	"
Lasmo (c)	330	0	6	19	—	—	—	"
Lasmo (c)	360	3	—	10	e	—	—	"
Lasmo (c)	420	1	—	5	0	—	—	"
P & O (c)	110	35	e	—	—	—	—	140p
P & O (c)	150	14	7	10	—	02	—	"
P & O (c)	140	7	e	12	—	16	—	"
Racal (c)	360	93	3	40	—	52	—	373p
Racal (c)	390	2	—	20	1	30	—	"
Racal (p)	360	2	6	16	24	17	—	"
Racal (p)	390	92	9	27	—	60	—	"
Racal (p)	500	130	1	—	—	—	—	"
RTZ (c)	490	02	14	35	1	46	1	417p
RTZ (c)	460	8	—	20	15	07	—	"
RTZ (c)	500	4	15	10	—	—	—	"
RTZ (p)	420	00	7	30	—	40	—	"
RTZ (p)	460	47	12	e2	—	60	—	"
Vaal Rfs. (c)	45	2¾	—	4	4	5½	—	$44
Vaal Rfs. (p)	45	5¾	—	4½	—	8½	1	"
Vaal Rfs. (p)	50	7	—	7½	[illegible]	[illegible]	[illegible]	"

C=Call P=Put

Inco plans an offering of shares and warrants

BY KENNETH MARSTON, MINING EDITOR

CANADA'S INCO, the world's leading nickal producer, aims to ease its strained financial position by making an offering of 6.6m shares and 3.3m attaching warrants. The share offer will raise Inco's equity capital by 8.7 per cent. Inco common shares are around C$14 in Toronto and 650p in London.

It is expected that approximstely 6m shares together with warrants to purchase about 3m additional shares will be offered in Canada and Western Europe. A further 600,000 shares and warrants for 300,000 will be offered in the U.S. Tha shares and warrants will be offered as units.

The offerings are expected to start in mid-May following the receipt of clearances from the various provincial securities commissions. Wood Gundy, Dominion Securities Ames, and Richardson Securities of Canada will act as underwriters for the Canadian offering.

As opposed to a rights issue, such share offerings are usually made at only a slight discount to the current market price. Their attraction lies in the attaching warrants to purchase further shares at a given price over a given period.

Thus the key to the success of the Inco offer will be in the terms of the warrants. These will be announced nearer the date of the offer, after the various approvals have been obtained.

Inco intends to use the proceeds from the offerings to reduce its bank and short-term borrowings. Clearly, a normal rights issue would not bava been a suitabla way of raising new funds st the present in view of the continued depression in markets for nickel and the sbares of the prodncers.

Last year was disastrous for Inco. Not only did tha group run into operating losses but also it wrote off its investment in the Guatemalan nickel operations at a cost of US$220m and made a further provision of US$245m for tha disposal of its loss-making electric battery subsidiary.

The result was a net loss for 1981 of US$469.5m, or US$6.51 per share, following a profit of US$219.4m in 1980.

Loans for Zambia copper plant

ZAMBIA has taken a further important step towards the completion of the $250m (£140m) financial package required tn expand its copper production with tha signing in London of two more loans.

The latest loans, mada available by Standard Chartered Banking Group and others, comprise an 11½-year sterling loan of £34m guaranteed by the Export Credits Guarantee Department, at a fixed interest rate of 7.75 per cent a year, and a related eight-year Eurodollar loan of $25m at a fluctuating commercial rate of interest.

The loans were raised by Nchanga Consolidated Copper Mines, which earlier this month merged with Roan Consolidated Mines, the country's other big copper producer, into Zambia Consolidated Copper Mines.

The new borrowings bring the total raised so far to Kwacha 173m (£106m). The balance of K53m will come in the form of two loans, one for £15m over 12 years from the UK Commonwealth Development Corporation, and the other, also over 12 years, to be arranged by Standard Chartered in conjunction with U.S. institutions for $30m.

This second loan will be guaranteed by the U.S. Overseas Private Investment corporation.

The funds will be used for the third stage of construction of a tailings leacb plant at Chingola. The plant, which will recover the remaining copper from mine residues in waste dumps, soma of whicb bave been in place for up to 40 years, is due to come into oparation inwards the end of 1984.

This provides a cheaper method of obtaining copper than the sinking of new sbafts, and the project, which was twice postponed during the 1970s, is expected to produce 524,000 tonnes of the metal over a 15-year period.

In addition, the removal for treatment of one of tha biggest dumps near the Nchanga open pit will allow the company to carry out a detailed assessment of a potentially large and ricb underground orabody known as Block A, whicb is expected to be economically recoverable.

Amgold is cautious

A CAUTIOUS tona, for the nearer term, is set by Mr J. Ogilvie Thompon in his comments on gold in the annual report of Anglo American Gold Investment (Amgold). He is confident for the long term but says the price "may languisb in the near future."

"It is to be hoped that the problem of world-wide inflation will at least partly be solved so that interest rates can come down and satisfactory economic growth can resume. In the event I believe that stability will return to the gold market and confidence will be restored in this ultimate investment medium."

In the meantime he points out that the lower gold prices will call for regular review of capital expenditure programmes, continued attention to working costs and, where possible, an increase in the grade of ore mined.

It is notable, however, that spending on gold prospecting is expected to continue to rise. That on exploration for uranium, howevr, has been reduced to a minimum in view of the weakness of the market for the nuclear fuel; Mr Ogilvie Thompson donbts whether there will be an material improvement in uranium prices "for some years to come."

The gold mines are now firmly set on the lower dividend trail and thus Amgold is beading for a fall in income during the current year to next February. Last year's dividend of 1,000 cents (536p) was a fairly full pay-out, coming from earnings of 1,150 cents per share.

A reduction in the current year's payment is thus on the cards, although the severity of the cut may be mitigated by the parent Angin American Corporation's need to bolster its finances. However, showing a nominal yield of 17 per cent at £32 the sbares are making fair allowance for any likelv reduction.

Meekatharra sells stake to UK group

AUSTRALIA'S Meekatbarra Minerals is raising A$1.14m (£672,000) through the issue to Brint Investments of the UK of 600,000 shares at A$1.90 a sbare.

The issue will give Brint, in whicb the UK mining and investment group Bnrnett and Hallamshire Hnldings bas a 23 per cent stake, an interest of 4.65 per cent of Meekatharra.

The Australian company, which has huge reserves of steaming coal in South Australia's Arckaringa Basin, will use the funds raised for further exploration and development work.

Mr Don O'Callaghan, Meekstharra's chairman, said towards the end of last year that the company already had reserves of 5.5bn tonnes, with 70 per cent of the deposit still unexplored.

Mr Allan Ferguson, Brint's major sbarebolder, is to join the Meekatharra board.

Apart from the funds raised, Meekatharra gains in Mr Ferguson a man with extensive experience in international coal mining and trading. Beyond that, Mr O'Callaghan may well be thinking of the possibility of gaining access to the new coal handling and trading facility being built in Belguim by Rand London, the South African concern in which Burnett and Hallamshire bas a 51 per cent interest.

Meekatharra shares rose to 132p in London yesterday, before closing a net 12p to the good at 130p.

Brunswick Oil rights

Australia's Brunswick Oil, the junior oil and gas exploration company, is proposing a three-for-two "rights" issue at a price of 20 cents (11½p) a share, to raise approximately A$4.5m (£2.7m). Brunswick closed at 17½p in London yesterday.

Each new share issued carries a one cent option to acquire a further share at 20 cents up to June 1983. Tha proceeds of the issue will he used to help finance the company's share of a A$91m exploration programme, estimated at A$7m.

Brunswick's first drilling target this year is the Adele Island in the Browse Basin off the coast of Western Australia.

Brunswick has a 46 per cent interest in this venture which is expected to cost around A$750,000.

Kleinwort Benson slips but pays more

GROUP PROFIT of Kleinwort, Benson, Lonsdale, the banking and investment trust concern, totalled £21.66m for 1981, compared with £22.88m previously, after tax and transfers to inner reserves out of which reserves provision bas been made for diminution in tbe valua of assets.

The net total dividend, is being increased by 1p to 10p per 25p share by a higher final of 7p, against 6p.

The directors say tha results almost equal the exceptional performance of 1980, adding thst 1981 was a year of expansion.

They comment that as expected, the exceptionally large profit earned in 1980 by Sharps, Pixley and its subsidiaries was not repeated but nevertheless its results were ahead of those achieved in any previous year. Nearly all tha companies in the group performed better in 1981 than in 1980.

At year-end the group's disclosed consolidated net worth amounted to £171m (310p per share), baving risen from £69m over the last five years.

Following the changes introduced in the Finance Act 1981, the benefit of UK stock relief arising in the year has been recognised this year in arriving at the reported profits.

In the 1980 accounts, such benefit was instead included in the release of accumulated deferred tax provisions. Therefore, in order to achieve comparability with the treatment now adopted, the gronp net profit for 1980 after tax has been restated.

The attributable profit after tax of the associated companies included in the after tax profits wss £1.53m (£901,000).

● **comment**

Kleinwort, Benson's figures have a quality look to them. In spite of the very substantial decline in the net contribution from bullion dealing, overall after-tax earnings after the usnal transfer to inner reserves are down by only 6 per cent. Part of the counter-balancing strength derives from M and G, which has pusbed up the contribution from associates by £0.6m. But this probably represents only a sixth of the improvement in the non-bullion interests. The extension of eligibility beyond the merchant banks has reduced the contribution from the acceptance credit business, but there seems to have been a very substantial improvement in earnings from corporate finance, particularly abroad. The other main area of strength has been the investment management business. The shares rose 4p yesterday to 296p, where the yield is 6.2 per cent.

Home Counties Newspapers hit by redundancy

With a slump in second half pre-tax profits from £197,000 to £8,000 newspaper publisher Home Counties Newspapers finished the year to January 2 1982 with £45,000, against £403,000 for the previous 53 weeks. Turnover for the 12 months remained unchanged at £10.57m.

Earnings per 25p share are stated well down at 0.77p (7.47p) and the final dividend is being cut from 4.75p to 3.25p net, making a total of 5p (6.5p).

The taxable profits included investment income of £18,000 and interest receivahle of £13,000 (£73,000), and were struck after net redundancy rosts of £162,000. The directors say the redundancies did not take place until February 1982, so the full effect of the savings has not shown through in the management figures. There are, however, indications of some improvement in advertising revenue in certain areas, they say.

Tax took £26,000 (£216,000) leaving net profits of £19,000 (£187,000) and there was an extraordinary credit of £10,000 (nil). On a CCA basis there were pre-tax losses of £175,000 (£162,000 profits).

Quick lower despite second half rally

A fall from £175,000 to £49,000 in pre-tax profits is reported by H. and J. Quick Group, the Manchesetr-hased passenger and commercial vehicle dealer, for 1981. The company reported losses of £156,000 against profits of £103,000 in the first six months. The year'e turnover was down from £81.14m to £79.6m. The final dividend is raised, however, from 0.615p to 0.92p for an improved net total of 1.45p against 1.145p.

The pre-tax figure was struck after interest charges down from £1.14m to £978,000. Tax charged was higher at £54,000 against £47,000.

On a CCA basis, there was an attributable loss of £175,000 after all charges including tax.

Yearlings at 13⅝%

The interest rate for this week's issue of local authority bonds is 13⅝ per cent, np a quarter of a percentage point from last week and compares with 12⅝ per cent a year ago. The bonds are issued at par and are redeemable on April 6 1983.

A full list of issues will be published in tomorrow's edition.

Spirax-Sarco second half boosts results by £1.25m

SECOND half taxable profits at Spirax-Sarco Engineering, fluid control equipment specialists, moved ahead by £1.25 to £4.64m, leaving the result for 1981 16 per cent higher at £7.35m, compared with £6.21m.

Mr A. C. Brown, chairman, states that at the interim stage ba said that the rate of deterioration in UK business activity appeared to have elowed. This trend has since been confirmed, and he asys there have been signs of slight improvement in the second half of the year. "With few exceptions, trading conditions in the other areas of tha world in which we operate remain dapressed," be adds.

The total dividend bas been lifted from 4.4p to 4.7p with a final of 3p. Earnings per ordinary 25p share were given lower at 11.8p, against 12p before extraordinary items.

Turnover rose from £41.7m to £42.83m. The 1980 figure includes £2.91m turnover of Drayton products which were discontinued at the end of 1980. Adjusting for this figure, Mr Brown says the group's continuing business increased by 10 per cent.

The weakening of sterling helped overseas operations, says Mr Brown, which improved their trading profits from £3.78m to £4.21m. UK trading profits rose from £3.6m to £4.04m.

The lower interest paid of £897,000, compared with £1.17m, reflects continuing overseas financing needs mitigated by the proceeds of the April rigbts issue.

Spirax-Sarco's home order intake showed a sligbt improvement in the second half. Mr Brown notes that there is a continuing need for cost saving in al lareas worldwide, including the need to save fuel costs.

Drayton Controls (Engineering) continued to trade strongly and profitably in the field of automatic temperature controls. It has made a significant contribution to results this year, says Mr Brown.

In Europe, Mr Brown describes the results as "reasonable" and in Africa, Asia and Australia further sales and profit growth was achieved.

Despite the sever recession in Argentina and Brazil, the rompanies there continued to earn satisfactorly profits. Sales of Drayton space heating controls continued to make progress in the growing North American market.

The charge for taxation rose from £2.28m to £3.06m, including overseas tax of £1.7m (£1.36m).

After minorities of £115,000 (£195,000) and extraordioary credits of £184,000 (debits £2.23m) attributable profits improved considerably from £1.51m to £4.36m.

On a current cost basis pre-tax profits were £5.2m (£4.49m) and earnings per share were 5.7p (6.4p).

● **comment**

The proceeds of the rigbts issue last April—amounting to £8.58m net—have transformed the balance sheet at Spirax-Sarco Engineering. Totsl debt down from £7.1m to £1.9m, a mere 5.4 per cent of equity funds, meant net interest costs were almost eliminated. Even before interest the underlying trading profit show a marginal advance in a sector that has been bardest hit by the recession. The surgery at Drayton Controls was undoubtedly a major factor and the indications are that the group will be looking to the UK side for any significant improvement in the current year. Of course with £9.3m cash in the kitty the group could well be on the acquisition trail but it is keeping its intentions tigbtly under wraps. The better-than-expected figures yesterday pusbed shares up 6p to 138p for a fully taxed historic p/e of 14 that underlines some of the potential.

European losses hit Desoutter

A DISAPPOINTING trading performance in the second six months at Desoutter Brothers (Holdings) resulted in 1981 pre-tax profits falling from £2.57m to £2.01m. Turnover of this precision mechanical engineer rose from £23.32m to £24.66m.

First-half taxable profits had fallen from £1.48m to £1.08m. But the directors said that witb a slightly more optimistic forecast for the second half and the longer term effect of further economies that had been made in operating costs, the company might expect profits for 1981 not much different to the previous year.

They now say that little recovery was apparent in the first two months of 1982, but orders received in March were at a higher level. However, it is too soon to judge whether this improvement will be maintained.

The comparative strength of sterling against European currencies was a factor in causing subsidiaries there to incur trading losses in 1981, particularly in West Germany and Italy. The directors say they bad foreseen that problem and remedies are already in hand to cut running costs and to further improva efficiency to minimise the difficulties.

The group's companies are well equipped with efficient manufacturing facilities and a succession of new products to eoable them to proceed to higher profit levels when recovery from the present recession begins, the directors add.

The final dividend is maintained at 3p net for a same-again total of 5.7p per 25p share.

Interest charges for the year increased from £409,000 to £505,000. But a tax credit of £598,000, against a cbarge of £1.23m previously, meant the net surplus almost doubled to £2.61m (£1.33m). The tax credit arises from a £1.51m write back of deferred tax relating to stock appreciation relief.

Stated earnings per share were 11.64p (13.5p) before the deferred tax adjustment and 27.04p after.

Current cost pre-tax profits were £976,000 (£989,000).

● **comment**

So much for crystal ball gazing at Desnntler. The prediction in the last accounts that 1981 profits would be similar to 1980's has come badly unstuck. After a 27 per cent fall at the balf way stage some caution might have been expected but Desoutter remained confident reaffirming its forecast. That left the second half looking for profits of £1½m against just over £1m apiece from the previous two half-years. In the event not only bas the closing six months failed to produce the upturn but it actually headed the wrong way. Tbe problem area was Continental Europe where earlier optimism failed to materialise into hard orders. Desoutter has learnt to live with a dull domestic market. No wonder yesterday's statement shunned any attempt to project forward on the encouraging start to this year. Half-yearly profits are probably continuing to run around the £1m mark. After a 4p fall to 96p the yield of 8.7 per cent and p/e (fully taxed) of 10.4 is firmly based, given the sound balance sheet—capital gearing is about a fifth—and dominant market position.

Earnings improvement at Rohan

TRADING and capital profits, npon which the directors say the performance of Rohan Group the Cork-based industrial estate developer and building contractor should be judged, advanced from I£4.84m to I£6.22m in 1981, on turnover of £29.8m against £28.6m.

Increasing by 28.5 per cent, they include £2.2m (£1.1m) in respect of unrealised capital surplus on the revalnation of fully let investments created during the 12 months.

Stripping this out, the taxable result came through at £4.03m (£3.71m) and, following tax of £795,000 (£939,000), the net balance improved from £2.78m to £3.23m. Earnings per 10p share rose to 46.52p (45.87p).

From these, the dividend total is lifted from 10.5p to 11.55p with a final of 6.25p net. The payments cost £856,000 (£598,000) for retained profits of £2.37m (£2.18m).

The directors point out the snnual rent roll at the end of 1981 amounted to £0.9m as compared to £487,000 a year earlier. Further substantial property investments have been made and the portfolio sbows a £4.8m surplus over cost.

At December 31, 1981, the net asset value per share totalled 211p, against 100p at the end of last year or 146p if the investment revaluation not shown in the 1980 accounts is included.

Ferry Pickering ahead

DESPITE a very competitive economic climate, Ferry Pickering, the printing, packaging and publishing group, increased first half taxable profits from £654,000 to £687,000 in the period to December 31 1981. Turnover rose by £285,000 to £4.32m.

With net earnings per 10p share stated at 3.366p (3.319p adjusted) the interim dividend is being maintained at an adjusted 0.909p. Last year an adjusted total of 2.364p was paid from pre-tax profits of £1.24m (£1.43m), together with a one-for-10 scrip.

The directors say that the current order book is encouraging and should ensure acceptable progress to the end of the current year.

Tax took £357,000 (£340,000) and the attributable profits emerged at £329,000 (£313,000) after minority interests of £1,000.

BAT offshoot reports 68% profits rise

British-American Tobacco Company (Singapore), the 80 per cent owned subsidiary of BAT Industries, has reported a sharp improvement in earnings for 1981.

Pre-tax profits soared by 68 per cent to Siogapore $13.1m on 10 per cent higher turnover of $111.8m. Post-tax profits rose by 63 per cent to $7.95m.

The company says that improved productivity, increased income from investment and higher turonver were maintained during the second half enabling it to achieve a good performance.

Also disclosed is an extraordinary gain of $11.4m arising from the sale of its freehold property to an associate company in which it bas a 50 per cent interest.

With the improved performance, BAT (Singspore) is raising its dividend with a proposed final gross payment of 11 cents per share. Tbis makes a total of 17 cents (10 cents) for the year.

First half standstill at Emess

Little changed at halfway, with pre-tax profits of £163,000 against £162,000, Emess Ligbting is set for a satisfactory year and has lifted its intermi dividend from 2.75p to 3p net.

Making the forecast, the directors of this retailer and importer of decorative light fittings report that an increase in turnover from £1.35m to £1.78m for the six months to December 31, 1981 was principally due to an increased market share.

The return on capital employed remains good, they state, and the company is continuing to seek opportunities for growth despite current trading conditions. For the last full year profits were £315,000 and dividends totalling 6.75p were paid.

Tax for the first half of this year took £17,743 (£19,308), leaving the net halance at £145,599 (£142,656) and earnings per 25p share at 10.84p (10.62p).

Euroflame creditors stand to lose over £800,000

BY DUNCAN CAMPBELL-SMITH

CREDITORS to the liquidated subsidiary of the Euroflame group stand to incur losses of well over £800,000 according to the statement of affairs presented to them at a creditor's meeting on Monday.

Meanwhile, the parent company of the group, Euroflame Holdings, is understood to be going ahead with plans to raise £300,000 of new capital to sustain its remaining operations.

Euroflame was launched on to the Unlisted Securities Market in March, 1981 and is now the subject of a Department of Trade Inquiry after making a pre-tax loss last year of £535,000. It had forecast profits of £335,000.

Euroflame UK was the subsidiary responsible for its wood-burning cookers business, mainly importing and distributing the Kamina stove. It went into liquidation on Monday with debts of £1.28m.

Mr Denis Poll is a director of Euroflame as well as of Tring Hall—which owns 35.7 per cent of the troubled group—and last night confirmed the new equity arrangements.

Mr Poll also disclosed that Tring Hall is forecasting a profit of more than £750,000 for the 15 months to today, compared with £515,000 for 1980. He said the forecast took account of Tring Hall's losses in Euroflame which could not yet be quantified precisely but were "believed to be about £400,000."

Another major subsidiary, Logfires (Woodstoves), was acquired last July and made profits of nearly £100,000 last year. This company has recently been given new management and is pursuing its solid fuels heater and boiler businesses.

Mr Darryl White, general manager of Logfires and also of the parent Euroflame Holdings, said yesterday that he and the other new managers had joined the group on the express understanding of a financial commitment to its future by the parent and its financial adviser, Tring Hall Securities.

He said it was his understanding that Tring Hall already had letters of commitment from investors intending to commit new equity of £300,000.

Euroflame UK's debt comprises £305,000 owed to the Belgian supplier of Kamina, Efel; £184,000 owed to Midland Bank; £290,000 owed to preferential creditors; £180,729 owed to associate companies in the group; and nearly £320,000 owed to various unsecured creditors.

The unsecured creditors include Cowing, Burley and Trendall, Euroflame's advertising agency which is owed £89,000. But Mr Cowing, the agency's chairman, said yesterday that it had a covering guarantee for up to £100,000 from Tring Hall.

Tring Hall contested any liability under this guarantee before a Master in chambers early in February. The agency took it on appeal to a judge who ordered Tring Hall to pay the debt within 21 days or submit the same amount to court pending a full hearing. These two parties are now holding out-of-court talks.

Other creditors looking only to the realisable assets of Euroflame UK were told by its liquidators—Mr Peter Copp of Stoy Hayward and Mr Stephen Swaden of Leonard Curtis and Company—on Monday that the available amount might be around £400,000.

Book debts and stock-in-hand account for most of this but their estimated value represents a sharp mark-down. Finished products inventory valued at £170,000, for example, is set to realise only £17,000.

"I would hope the assets might realise more than is shown by the statement of affairs but it is too early to say," said Mr Copp. "However, the prospects for the unsecured creditors do look very bleak."

Euroflame UK is itself owed money by its Belgian supplier, Efel. The relationship between Euroflame and Efel is one area that the liquidators are believed to be looking at as a matter of urgency.

Mr Poll said last night that the liquidators had taken "a very savage view of certain debts and the stock." Asked about the situation of Euroflame UK's outstanding creditors, Mr Poll said Tring's duty as the parent company's adviser was to the shareholders of the group. Liquidation of the subsidiary, he said, had prevented a liquidation of the whole group.

Sterling Credit restructure

Sterling Credit, the finance, insurance and property group, has announced pre-tax profits of £732,000 and an end of year net worth £8.4m in its preliminary results for the year ended December 31. The figures compare with losses of £1.5m in the nine months to December, 1980 and a balance sheet deficit of £945,000 at that date which reflected the company's narrow escape from collapse late in 1980.

Shareholders' funds of £10.17m include a negative reserve of £1.75m accruing from Sterling's losses in the two periods of the year to March, 1980 and the nine months to December, 1980, offset in part by 1981 profits.

The provision of the 1981 Companies Act prohibits public companies with negative reserves from paying dividends to their shareholders. Sterling is accordingly intending to restructure the group, transferring the equity to a new holding company in such a way as to net out the negative reserve and facilitate future dividend payouts.

The new size of Sterling's balance sheet follows its acquisition for £6.8m cash of Winston Estates, the property group, last year. Property investments of £9.52m at December 31 took account of a £2m upward revaluation of these assets after the purchase of Winston plus the acquisition of another property for a further £1m.

● The reconstruction will involve the issue of ordinary shares of 25p each or warrants in the new holding company, or cash, on the basis of: For every eight Sterling ordinary 1p shares, one ordinary share of 25p; for every four 8 per cent convertible £1 preference, nine ordinary; for every ten 3.5 per cent convertible £1 preference, 11 ordinary; for each 12.75 per cent £1 preference share, 108.78p in cash; for each 7.35 per cent £1 preference share, 115.47p in cash; for every eight Sterling warrants, one warrant.

Details of the rearranged structure, as advised by Hambros Bank, will be sent to shareholders at the end of April. An extraordinary general meeting of shareholders in each category of the equity is expected to be convened on May 24.

The new holding company's board will not differ from Sterling's present board, chaired by Nicholas Oppenheim, which said last night that the restructuring would not affect Sterling's trading operations in any way.

Glasgow Pavilion rights dropped

THEATRE proprietor Glasgow Pavilion has abandoned plans to launch a £240,000 rights issue following the resignation of the lead underwriter to the issue.

Mr Stephen Komlosky, managing director of Glasgow Pavilion, said yesterday that Hill Woolgar, the licensed dealer in securities, "pulled out at the last minute as the lead underwriters."

The resignation letter was received yesterday morning after the group had been notified at the end of last week. Hill Woolgar said yesterday: "We have no comment to make."

Glasgow Pavilion's proposed rights issue had been opposed by Mr James Glasgow, a major shareholder, who holds around 27 per cent of the equity.

In February he became a director, but two weeks after his election to the board decided to resign. He said he did not feel able to sign the draft rights issue document because the group profits for the full year to October 31 1981 had not been included.

He also feared that the combination of second half losses and the rising costs of the rights issue would mean that the net proceeds would be insufficient to eliminate the group's indebtedness.

Glasgow Pavilion said that it was the intention to reconsider the rights issue as soon as practicable and the group is talking to a number of issuing houses and banks in an effort to find a new lead underwriter following the departure of Hill Woolgar.

Lambert Howarth rises

FOLLOWING an improved performance at the interim stage, when taxable profits of £44,286 were returned against a loss of £282,518 for the corresponding period, Lambert Howarth Group finished 1981 with profits of £627,110 at the pre-tax level, compared with £413,893.

Turnover of the group, a footwear manufacturer and a substantial supplier to Marks and Spencer, declined marginally over the year from £16.6m to £16.1m.

After a tax charge this time of £191,423 (£70,098 credit) and extraordinary credits of £41,833 (£241,400 debit) the balance at the attributable level emerged at £477,520 (£242,591).

The dividend for the year is being increased from 4.06p to 4.75p net by a higher final of 3.6p (2.91p) although earnings per 20p share are shown as being down from 16.1p to 14.5p.

American Trust expands

Available revenue of the American Trust Company rose from £1.88m to £1.95m in the year to January 31 1982 and the net final dividend is being raised from 1.4p to 1.55p per 25p share, raising the year's total from 2.1p to 2.25p.

The results of Edinburgh Securities, the 30.2 per cent-owned associate, have not been included because its increased involvement in direct oil and gas exploration would make this inappropriate, the directors say. The comparative figures have been adjusted.

American Trust's relatively heavy exposure to the energy sector—a favourable factor during the previous year—caused some loss of ground against the indices the directors say.

During the year there was further significant movement of funds to North America and at the year end North American investments accounted for 54.3 per cent of the equity interest.

The available revenue was struck after tax of £1.37m (£1.25m). Earnings per share are given as 2.4p (2.32p) and as 2.36p (2.28p) assuming full conversion of the "B" ordinary shares. Net assets are stated at 84.9p (80.6p) a share, prior charges deducted at par.

ECM ENGNRG. DESIGNS

Mr Christopher Barlow, a partner in accountants Arthur Young McClelland Moores & Co., has been appointed receiver and manager of ECM Engineering Designs of Bristol. The company makes specialist high technology equipment for the photographic processing industry.

The receiver says he intends to allow the company to continue trading in the short term with a view to selling the business as a going concern.

Scottish Life raises foreign investment

Scottish Life Assurance Company last year invested nearly 30 per cent of its £60m of new money in overseas equities—15 per cent in the U.S. and 14 per cent in Japan and the Far East. This brought the total holdings in U.S. equities at the end of 1981 to 8.7 per cent of the company's overall portfolio valued at £442m, with Far Eastern equities accounted for one-third of the £150m equity portfolio.

In contrast, only 11 per cent of new money was invested in UK equities and 19 per cent in property. Gilt investment took 32 per cent, the remaining 9 per cent being kept liquid.

The life fund rose from £336m to £405m during 1981, with annual premium income improving nearly 15 per cent from £48.6m to £55.3m and single premiums nearly doubling from £11.9m to £20.4m. Net investment income rose 16 per cent from £32.8m to £38.2m. Claims payments were up by one-quarter, with life surrender payments over 40 per cent higher at £4.7m.

HOUSE PROPERTY

An increased total dividend of 6p, against 4.5p last time, has been declared by The House Property Company of London for 1981. The final payment rose by 1p to 4.5p.

The surplus of revenue including the surplus on the parent company property sold rose from £79,232 to £176,887.

After tax of £47,204 (£9,122) earnings per share emerged sharply higher at 13.61p, against 7.01p.

GREAT NORTHERN

At the close of business on March 22, the estimated net asset value of Great Northern Investment Trust was 178.6p per ordinary share and 482p per ordinary share of RIT.

BIDS AND DEALS

Raid on Richard Clay nets Maxwell only 5.8%

Mr Robert Maxwell, chairman of British Printing and Communications Corporation launched a dawn raid on Chaucer Press printing group, Richard Clay, yesterday but was forced to accept a holding below his target level as speculative investors stepped in and moved the price against him.

In a move which draws certain parallels with his earlier investment with publishing group, William Collins, and the first stages of his involvement with the British Printing Corporation, as it was then known, Mr Maxwell sent stockbrokers, Grievenson Grant into the market with instructions to buy up to 14.99 per cent of Clay's shares at a price of 65p ex dividend.

But, as the Clay share price added 19p yesterday to finish at 68p at the close of business, Mr Maxwell had to be content with a 5.87 per cent stake which he described as an investment.

The buyer employed similar market tactics to build an initial stake in BPC, before going on to acquire the ailing publishing and printing giant. Mr Maxwell used nominee accounts to buy a disclosable stake in William Collins 13 months ago. Then, as now, the holding was acquired at a favourable turn in the group's fortunes. The Collins interest was sold on to Mr Rupert Murdoch at News International, who eventually had to be satisfied with a very substantial stake—but not control—and a seat on the board.

On this occasion, Clay is beginning to recover from a two year trough, costs have been pruned, loss-makers axed and the swing in dollar/sterling currencies heralds a useful profits revival. Its assets are valued at about 150p per share on a 1980 basis.

When he had finally discovered the identity of his new shareholder, the chairman of Clay, Mr Charles Birchall, said "I am not unhappy about it. We have four other shareholders of more than 5 per cent. We feel he has made a wise investment and must be a little disappointed he did not get as many shares as he wanted."

Kent figures 'selective and often erroneous'—Federated

IN THE run up to the crucial extraordinary meeting next Tuesday when its shareholders are asked to approve the merger with Estates & General, the board of Federated Land is taking one of the last available opportunities to attack the revised £17m offer from M. P. Kent.

In a letter to shareholders urging approval of the Estates deal, Federated claims that if the valuation surpluses to be created on Estates' Uxbridge and Cranleigh developments are incorporated in the accounts, post-merger asset backing would rise from 191p to 200p per share.

The board stresses that, contrary to Kent's recent claims, "the combined financial resources available to the group, augmented by any selective realisations, will enable it to undertake and retain large, quality developments, such as Hanley, for the future benefit of shareholders.

The directors add that they intend to vote their aggregate 23.2 per cent holding in favour of the merger with Estates. The offer from Kent will lapse if the Estates' deal goes through.

Statistics used by Kent to contrast Federated's share price performance and its own are "selective and often erroneous." Federated's asset backing has risen over 300 per cent to 185p per share in the last five years, the board states, and rental income has increased over 10 times.

Kent's comments about Estates are described as "prejudiced and superficial." The proposed merger "will bring Federated a soundly financed investment portfolio of approximately £25m and a group which has increased its rental income tenfold over the last five years, has increased assets per share during the same period from 32p to 109p (an increase of 240 per cent) and is committed to the same policy of developing prime long term property investments for retention."

"With only negligible rental income and no material asset support of a long term nature," the board adds, "Kent's share price is therefore wholly reliant on unpredictable dealing profits in future."

Pycroft tries again for Jetsave

MR REG PYCROFT, the managing director of Jetsave, the tour operating subsidiary of Associated Communications Corporation, hopes to have talks with ACC after Easter over plans to buy back the company which he founded. ACC holds an 85 per cent stake in Jetsave, and Mr Pycroft 15 per cent.

He said yesterday he hopes to discuss the deal and meet Mr Robert Holmes à Court, the chairman of ACC whose business interests are taking over the entertainments group. Mr Pycroft has been trying to buy Jetsave since the beginning of the year, although his earlier offer in January was smartly rejected by ACC.

The later offer made in February was substantially more than the original £1.2m and is believed to be around £2m. Mr Pycroft said that Jetsave could only take advantage of growth opportunities if it operated independently. ACC, in its present situation, has an enormous number of higher priority areas than Jetsave. He added that "the last few months have been exceedingly difficult and Jetsave had undoubtedly suffered as a result of the adverse publicity ACC has attracted."

ACC bought its holding in Jetsave in 1980 for about £3m. The company has been cutting costs and put up for sale a yacht and Cessna executive jet. Jetsave is the only remaining specialist operator of low fare flights to North America since the collapse of Laker, and the company says it has already had almost 100,000 passenger bookings for crossing the Atlantic this year.

Jetsave dates back to 1972 and was established by Mr Pycroft. At the time of the ACC purchase, Mr Pycroft said the prospect of "becoming part of ACC's dynamic group was extremely exciting."

CADBURY SCHWEPPES

Cadbury Schweppes Products, the wholly-owned U.S. subsidiary of Cadbury Schweppes, has completed the acquisition of Duffy-Mott Company of Delaware, U.S.

W. CANNING

W. Canning's subsidiary, Electroloid, has sold its Supersheen jobbing business. The effect on assets and profitability of Canning is negligible.

Bank of America to tap Euromarkets for up to $300m

BY ALAN FRIEDMAN

THE BANK of America is seeking np to $300m through the issue of five-year Eurodollar deposit notes, priced at a discount to provide capital gains as well as interest income.

The issue, led by Bank of America International and Swiss Bank Corporation International, provides a 12 per cent coupon at a price of 90½ to yield 14.82 per cent. The five-year paper is non-callable by the borrower, however, and investors stand to make a capital gain upon redemption.

Under the terms of the issue, which is heing run through the Channel Islands branch of Bank of America'a National Trust and Savings Association, an initial $200m will be offered and the borrower may raise np to $100m more within the next year.

In the secondary market yesterday, prices of fixed-interest Eurodollar bonds picked up slightly. Six-month deposit money fell to 15¼ per cent from 15¾ per cent

In the sterling sector the much-expected £50m hulldog bond for Credit Foncier de France materialised through Morgan Grenfell and County Bank. The 25-year honds are guaranteed hy France.

The paper is £25 paid with the remainder payahle on June 30. The issue will be priced today to yield 115 basis points over the mean of the yield of three UK gilts—the 2004-08 13½ per cent, 2000-03 13¾ per cent and 1998-01 14 per cent stock.

On the basis of yesterday's market, the Credit Fancies yield would come to around 15 per cent.

Prices in the Euro D-mark sector feil slightly last night after a day of light trading. Today should see a DM 150m issue for the Inter-American Development Bank through Deutsche Bank.

A SwFr 100m 10-year issue for the IADB was priced yesterday through Union Bank of Switzerland at 100¼ with a coupon of 7 per cent to yield 6.96 per cent.

Computer irregularity hits profits at JWT

BY OUR NEW YORK STAFF

JWT, PARENT of J. Walter Thompson, the major U.S. advertising group, announced a sharp drop in profits yesterday, largely because of a computer irregularity which cost it millions of dollars in lost earnings.

In February, JWT revealed that one of its subsidiaries, which buys television advertising time and "banks" it, had entered a total of $24.5m of non-existent revenues into its computer over a period of nearly four years. The head of the nnit, Ms Marie Luisi, has now been dismissed, and an investigation into the matter is at present in hand.

JWT said yesterday that profits for its latest financial year were $7.1m or $1.34 a share, compared with $12.5m or $2.56 in the previous year. Pretax adjustment on account of the irregularity amounted to $12.4m. The adjustment over the four-year period was $30m.

In the final quarter of last year, JWT earned $2.5m or 47 cents a share, down from $4.4m

As a result of the affair at its TV subsidiary, JWT announced earlier this month that it had decided to pull out of the time banking business.

Closure costs put General Tire in the red

By Our New York Staff

GENERAL TIRE, the U.S. tyre manufacturer, yesterday reported a sizeable $34.6m loss for the first quarter of this year, mainly because of the costs associated with its recent decision to close a large plant at Akron, Ohio, the capital of the U.S. tyre industry. The result compared with a $3.1m profit in the same quarter last year. Sales were also down slightly, from $497.5m to $456.6m.

The Akron closure cost General Tire $31m and was blamed on the popularity of competing radial tyres, and the strong competitive pressures that are heing placed on the U.S. tyre industry by foreign imports. The unions and the town of Akron fought to keep the plant open and save the 1,300 jobs there.

In addition, General Tire took a charge of $6.6m for the closure of two jointly owned chemical plants. The after-tax effect of all the closures was $30.8m.

U.S. Steel sees no income loss from takeover

By Our Financial Staff

U.S. STEEL, the biggest American steelmaker, does not foresee a loss of earnings in the first quarter as a result of its $6.4bn acquisition earlier this year of Marathon Oil.

However, Mr David Roderick, U.S. Steel chairman, said that the company still hoped to sell some of its assets to retrieve part of the debt connected with the Marathon acquisition.

U.S. Steel had net earnings of $270.9m or $3.06 a share in the first quarter of last year on sales of $3.4bn. Annual net profits were $1.08bn compared with $504.5m on sales $13.9bn, against $12.5bn.

Richard Lambert looks at a leading tractor maker's struggle for survival

Massey returns to banks as problems mount

EIGHT MONTHS after completing its marathon refinancing exercise, Massey-Ferguson is still struggling for survival. The annual report makes it clear that in a very hostile market environment, the coming months will be of crucial importance to the long-term shape of the group.

Massey admits that demand for its two main product groups—farm equipment and diesel engines—has fallen below the level anticipated at the time of the refinancing. As a result, its net loss for 1981 was greater than expected, at $194.8m.

Despite this, Massey has managed to comply with most of the covenants laid down with its bankers at the time of the refinancing. However, it says the extra cash conservation measures which have been made necessary by its problems in the market place will have an adverse impact on its earnings. This in turn will jeopardise compliance with some of its debt covenants.

Massey has prepared further rationalisation plans, and says that by the middle of this year its cost base will have been reduced to a point at which it should he profitable even at depressed market levels. But implementing these measures will require help from the bankers in providing extra operational flexibility.

Talks are now under way with individual banks. Massey stresses that it is merely seeking less restrictive terms, rather than any completely new deals involving further injections of cash. But there is some concern outside the company that this may not prove enough. With U.S. farmers facing what has been described as their worst year since the 1930s, demand in North America remains extremely poor.

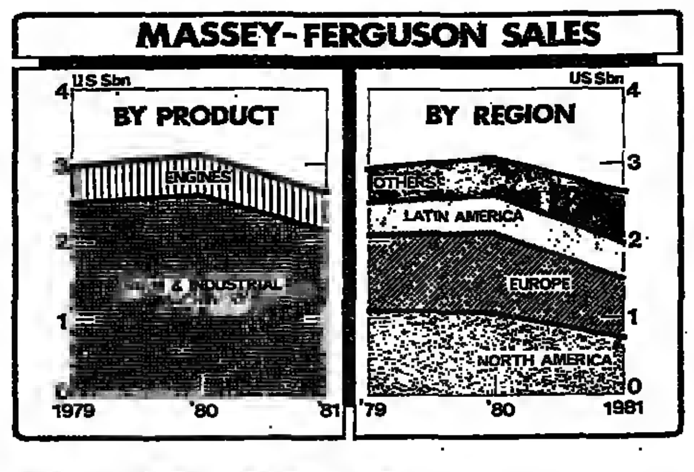
The U.S. Department of Agriculture estimates that the net income of U.S. farmers in 1981 was around $23bn compared with $32.7bn two years earlier. In terms of constant dollars, that represented a fall of very roughly 50 per cent

The Department has no official forecast of this year's outcome, but says that income levels are bound to show a further fall.

This is obviously bad news for Massey, which at the end of January had total borrowings of more than $1.2bn compared with stockholders' funds of $538m. Most of its so-called equity hase consists of the redeemable preference shares which played such a hig part in the refinancing package.

Massey's net loss in the first quarter of this year was rather lower than had heen expected, at $73.5m, and for all its problems, Massey still claims to be the largest tractor manufacturer in the Western world, with a worldwide market share of around 17 per cent

But in 1981, industry sales of agricultural tractors fell in volume terms by 7.3 per cent in North America and 11.6 per cent in Europe, while sales of industrial tractors were down hy more than a fifth in both areas.



Massey marginally increased its share of the world agricultural tractor business, mainly thanks to its strength in Third World countries. Its sales to Lihya, for instance, jumped from $28m to $45m over the year. But it lost ground in industrial tractors, especially in the U.S., where it was in poor shape to compete with aggressive discounting in the market place.

On the engine side, total production by its Perkins unit, its associates and licensees fell from 504,000 to 427,000 engines. There was a 17 per cent fall in prodnction at the Peterborough plant in the UK, where Perkins made 174,000 complete engines and 103,100 kits.

The segmental analysis shows that profits before interest and other costs plunged from $118m to $31m on farm and industrial machinery, while the engine aide slipped from $63m to $45m. Capital spending on the engine side totalled $11m, not much more than a third of the level in 1979.

Reorganisation costs have exceeded $200m in the past four years, transforming the company almost beyond recognition. It now has around 37,000 employees worldwide, compared with a peak of more than 68,000 in 1976. Its sales of farm and industrial machinery have shown no growth in money terms for six years.

The long march of Massey has in particular taken the form of a step-by-step reduction in its U.S.-based activities. Increasingly, the company is becoming a two-legged animal—a combine harvester business based in Canada, which seems reasonably well based, and a tractor and engine manufacturer in Europe, mainly in the UK and France. An important part of the tractors activity consists of sales to the Third World, which are largely sourced from Europe.

The UK remains the company's most important area of operation, both for tractors and engines.

Most observers agree that the Canadian and European activities are basically sound businesses. But in today's market conditions, question marks still remain over the company'e remaining activities in the U.S. It still has a substantial industrial and argricultural tractor manufacturing operation in Detroit.

One of Massey's strengths is that it started its slimming process well hefore companies such as International Harvester, and its management is perceived to have done the job well. It has succeeded in shrinking ite working capital needs in line with its trading activities, and its cash management has been good. Those within the company helieve it will succeed in reaching the other side of the valley in more or less its present shape, but there are still some nail-hiting months to come.

Societe Generale de Belgique deficit

By Giles Merritt in Brussels

SOCIETE General de Belgique, the Belgian hanking and industrial holding group, suffered substantial operating losses in 1981.

For the year Societe Generale's loss was BFr 2.65bn ($58m) marking a strong contrast with the BFr 922.7m earnings recorded for 1980.

Although the group will be paying a dividend, it is to be cut to BFr 90 per share from the previous year's level of BFr 125.

The reasons for Societe Generale's losses are closely linked with complex financial operations last October concerning its minority-controlled mining subsidiaries, notably Union Miniere. The Brussels-based group pointed out yesterday that it was the consolidation of its accounts with what is now known as Ancienne Union Miniere which provoked extraordinary losses. The mining concern suffered a loss of BFr 2.62bn through a fall in the value of several of its investments.

While Societe Generale has had to bear the full hnrden of those losses, the financial restructuring operation in which Union Miniere was wholly absorbed into the group also had major advantages. Societe Generale increased its equity base almost threefold, so that issued capital and reserves rose from BFr 10bn to BFr 28.8bn, while total assets rose to BFr 35bn.

The 1981 losses were also compounded by Societe Generale's stake, along with the Belgian Government, in the ailing Sybetra construction concern which last year reportedly incurred a loss of BFr 4.7bn on a soured Iraqi contract. Bot Societe Generale pointed out yesterday that despite its losses the net asset value of its shares has risen from BFr 2,611 at the end of 1980 to BFr 2,746 at the close of 1981.

Funding plan for French mining group

By Terry Dodsworth in Paris

THE FRENCH Government has agreed to a FFr 600m ($97m) re-financing plan for Le Nickel-SLN, the ailing mining group which has run up losses of almost FFr 300m over the last two years. It operates in the French Pacific territory of New Caledonia.

Under the plan, Le Nickel will receive the funds from its shareholders, Imetal, the mining holding group, and Elf-Aquitaine, the state-owned oil company, each of which has a 50 per cent etake. The Government is involved in the restructuring both through its control of Elf, and through its substantial interest in Imetal, where two recently-nationalised banks, Rothschild and Suez, have a combined shareholding of about 25 per cent.

Imetal said yesterday that it was helping finance its share in the Le Nickel reorganisation through a FFr 300m rights issue that will be underwritten by ERAP, the main shareholder in Elf. The issue is a three-for-seven at FFr 85 a share.

Imetal is currently proceeding with a boardroom reshuffle, following the resignation of four directors, including M Guy de Rothschild and M David de Rothschild, from the former Rothschild banking interests.

The Government has been under some pressure to seek a solution to Le Nickel's problems because it is one of the main industrial activities in New Caledonia.

Data General earnings collapse in second quarter

BY OUR FINANCIAL STAFF

THE HOPE of a recovery in earnings in fiscal 1982 at Data General, the Westboro-based manufacturer of general computers, took a knock yeeterday when the company disclosed that profits for the first half of the year were 10 per cent down at operating level, to $15.7m or $1.47 a share. However, sales for the half year were firm, at $365.1m, a gain of 15 per cent.

The board blames the recession inthe computer industry for a collapse of 57 per cent to $5.6m in operating earnings in the second quarter. If current levels continue, add the directors, then earnings for the third quarter will be even below those for the second quarter.

In fiscal 1981, ended September, Data General, which makes a wide range of computers—from microprocessors to minicomputers—recorded a sharp fall in earnings, from $54.7m to $40.8m. No cash dividends have yet been paid, nor is such payment currently expected.

The gain in sales in the first half of the current year is in line with forecasts for the full year but the company has been expecting an upturn in earnings, based on the likelihood of stronger margins and increasing sales of computer hardware.

The first quarter showed an increase in non-operating profits on the basis of higher sales and reduced costs.

Ecuador seeks $900m credit for private sector

BY PETER MONTAGNON IN CARTAGENA, COLOMBIA

ECUADOR is eeeking a $900m credit facility from international banks to help its private sector overcome the effects of the recent depreciation of its currency, the sucre.

The plan, revealed by Equadorian officials at the Inter-American Development Bank meeting here, calls for a three-year credit to be made to the Government, which would then pass the funds on to the private eector.

The officials said that preliminary talks had been held bere with a small group of leading U.S., British and Japanese banks, but commercial bankers say that finalising any deal could be a slow business.

Ecuador is confronted with a range of economic problems arising from the decline in the prices of oil and other export products. As a result the sucre has fallen eharply on the free foreign exchange markets.

Ecuador's total foreign debt, at more than $5bn, is very large for a small country with a population of only around 7m people.

Its borrowing tactics have recently come under fire from commercial banks. They say that they were asked to submit proposals for a medium-term credit only to discover that Ecuador had chosen to raise short-term money through brokers.

Argentina debt, Page 30

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other honds see the complete list of Eurobond prices which will be published next on Thursday April 15.

Closing prices on March 30

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						
Average price changes... On day −0¼ on week −0⅝						
DEUTSCHE MARK STRAIGHTS						
[illegible]						
Average price changes... On day 0 on week +0¼						
SWISS FRANC STRAIGHTS						
[illegible]						
Average price changes... On day +0¼ on week 0						
YEN STRAIGHTS						
[illegible]						
Average price changes... On day +0¼ on week +0¼						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						
Average price changes... On day 0 on week +0⅛						

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]						
Average price changes... On day 0 on week +0⅛						

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]						

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Improving margins lead to recovery at Commerzbank

BY STEWART FLEMING IN FRANKFURT

The two other major German commercial banks, Dresdner and Dentsche, announced their dividend intentions yesterday. Dresdner is cutting its payout from DM 6 a share to DM 4 and expects lower profits because of provisions for credit risks and loss on gold trading. Dentsche plans to pay a steady DM 10 a share and said its operating earnings climbed by 29.7 per cent.

COMMERZBANK, West Germany's third largest commercial bank has enjoyed a recovery in operating earnings in 1981 after incurring operating losses in 1980, says Dr Walter Selpp, who took over as chairman in May last year.

But the bank, which has total assets of DM 101.3bn ($41.93bn), is still burdened with about DM 20bn of non-earning assets—fixed interest long-term loans bringing in less than the cost of refinancing them—and will not be paying a dividend for 1981.

Earnings have also been burdened by loan loss provisions against its DM 600m of loans to Poland which are not government guaranteed. A reserve of about 10 par cent bas been put against these loans, although Dr Seipp maintains that tha Western banks' Polish exposure will not lead to losses in the long term.

The German parent bank'a pre-tax operating earnings recovered to slightly more than DM 190m, compared with a loss of around DM 10m in 1980 wben the bank had to draw on hidden reserves to balance its profit and loss account.

Contributing to the rise in operating earnings were an increase in tbe parent bank'a interest earnings of DM 138m to DM 1.08bn, a rise in commission earnings of DM 49m to DM 447m and an increase in dealing profits from foreign exchange and securities trading of DM 70m.

Profits of the Commerzbank group as a wbole, wbich includea not only the German parent company but also the bank's 90 per cent owned mortgage bank subsidiary and foreign snbsidiaries, have also improved. The Luxembourg subsidiary suffered losses last year requiring the parent hank to pump in DM 63.2m to balance its profit and loss account. In 1981, the parent bank had to supply the Luxembourg operation with DM 9.5m.

After putting aside publisbed provisions for loan losses and securities write downs of DM 191m against nil in 1980, the German parent bank has declared a balanced result and for the third consecutive year it has not added to its equity reserves.

Looking forward to 1982, Dr Selpp hopes the bank can resume dividend payments, aven though tha portfolio of non-earning fixed interest loans will continue to be a burden. Interest margins recovered last year from 1.41 per ceot to 1.63 per cent, and falling German Interest rates bave helped improve lending margins in the opening months of 1982 to 1.75 per cent.

Industrie Pirelli upturn continues

By James Buxton in Rome

INDUSTRIE PIRELLI, the Italian operating company of the Pirelli cable and tyre group, consolidated its return to profitability last year. It made net profits of L8.9bn ($6.7m), more than double the L3.5bn of 1980.

Now, as then, the relatively modest level of profitability is less significant than the fact that after a year of serious recession in Italy, Pirelli is continuing to recover. In 1980 it returned to the black for the first time in 10 years. Sales in 1981 were up 17.2 per cent at L1,523bn ($1.15bn).

The tyre division, which accounts for about 45 per cent of the Italian company's operations, made a profit last year. It had been the principal cause of Industrie Pirelli's losses in the 1970s and was still in deficit to the tune of L3bn at the end of 1980.

Tha better performance of Industrie Pirelli in 1981 is attributed partly to the better progress of the tyres section and partly to exchange rate gains. Some 33 per cent of Industrie Pirelli's sales in 1981 were exports.

The company's recovery follows a series of measures to increase productivity and reduce indebtedness, and the introduction of new products, including low-profile tyres. Last year Industrie Pirelli invested L83bn.

Total turnover of the Pirelli group worldwide in 1981 was L5,100bn, compared with 4,100bn in 1980. This was divided betwaen cables (45 per cent), tyres (42 per cent) and other products (13 per cent).

Industria Pirelli's parent compnay is Pirelli SPA, the Italian holding company of the Pirelli group. The other main holding company is the Basle-based Societe Internationale Pirelli, which mainly operates outside the EEC, and concentrates more on cables.

Sharp rise in Sacilor deficit

BY DAVID WHITE IN PARIS

SACILOR, ONE of France's two recently-nationalised steel producers, has reported a sharply higher loss of FFr 2.79bn ($450m) for last year, almost balf as much again as in 1980.

The loss exceeds the company's previous record of FFr 2.28bn reported in 1977, the year before the Gascard Administration drew up a programme of drastic cutbacks which in effect brougbt the main producers under state control.

Sacilor, which dominates the steel industry in the Lorraine region of Eastern France, bad already warned that its deficit, which dropped in 1978 but has since progressively increased, would be higher than the previous year's FFr 1.94bn.

The result indicates a further worsening of the company's position in the second half after a first half loss of FFr 820m.

In the second half the company took control of another loss-making operation, Ugine Aciers, previously an offshoot of the Pechiney Ugine Kuhlmann group, as part of an overall restructuring of the French special steels sactor.

Under the same plan, the special steels are of Creusot-Laire has been brought under the larger Usinor group.

Usinor, which had sales last year of FFr 17.5bn compared with Sacilor's FFr 10.9bn, haa put its losses at round FFr 3.4bn, nearly three times as much as in 1980.

Belgian closure hits Buehrmann Tetterode

By Our Amsterdam Correspondent

THE CLOSURE of a loss-making Belgian subsidiary left Buehrmann-Tetterode (BT), the Dutch paper and packaging group, with a net profit of only Fl 1.5m ($562,000) in 1981. This is roughly in line with the forecast made in January wben BT revealed plans to shut down Papeteries de Mont-Saint-Guibert (MSG).

Earnings before tax and interest charges rose by Fl 1m to Fl 157.3m, while net profit before extraordinary items, fell by Fl 12.2m to Fl 34m. After providing Fl 32.5m to meet the cost of the MSG closure net profit was only Fl 1.5m compared with Fl 46.2m in 1980.

Turnover rose by 4 per cent to Fl 2.67bn ($1bn), including 0.8 percentage points contributed by new acquisitions. BT will reduce but not drop its dividend since it regards the problems in Belgium as solved. It proposes paying Fl 2.40 per Fl 20 nominai share compared with Fl 5.60 the year before.

Oce sees 'normal' year after first quarter profit

BY CHARLES BATCHELOR IN AMSTERDAM

THE DUTCH copier group Oce-van der Grinten, expects this year will be "a normal and reasonably good" one after incurring its first annual loss in 1981. It plans to return to a "normal" dividend after halving its payment last year to Fl 4 a share.

The company has got off to a good start with a 43 per cent rise in its after-tax profit to Fl 7.6m ($2.8m) in the first 1982 quarter on turnover 8.5 per cent higher at Fl 400m.

Oce believes it has finally solved the problems of its British Ozalid group, which was acquired in 1977. Ozalid will show another net loss this year although at the operating level it will be near break-even, Mr Jan Kaptein, the chairman said.

Ozalid posted a loss of Fl 25m last year and Oce was forced to reserve a further Fl 38m to meet expected reorganisation costs, which took total losses and provisions in the UK to Fl 97m. These provisions should cover all expected costs. When Ozalid returns to profits, Oce will have about Fl 60m of losses to set against tax.

Meanwhile, Oce has reached agreement with the National Investment Bank, a state-backed institution, for it to take up a subordinated loan of Fl 50m. This is the part of a commitment from the Dutch Government to provide Fl 200m of support over the next five years for Oce's product development programme.

Oce is extending the range of its 1900 series plain paper office copiers and adding electronic equipment to permit the storage and distribution of information. Sales are due to start in the Netherlands and France later this year.

Oce also plans to set up its own organisation in the U.S. to rent its 1900 series copiers. Previously it had a licensing agreement for Pitney Bowes to manufacture its 1700 series, but this bas been ended.

Wienerwald asked for business plan

By John Wicks in Zurich

WIENERWALD, the Swiss-owned restaurant and hotel group, has been asked by its bankers to present a "corporate concept" by the end of next month as a condition for granting the company financial support.

The 24 creditor banks said yesterday that they would give an immediate short-term grant of DM 5m ($2.1m). This would be provided by major bank creditors. Those banks with smaller credit sums have been asked to agree to take part in a "hold-off" agreement.

It has not yet been decided how much Mr Friedrich Jahn, Wiernerwald's founder and owner, will contribute to the support programme.

The banks are also prepared to offer medium-term additional credit of DM 20m on April 30 on the basis of a "clear corporate concept." Bankers call for details of the group's short-term plans. In recent years Wienerwald has expanded rapidly, notably in the U.S.

Argentina to restrict foreign debt

BY PETER MONTAGNON IN CARTAGENA, COLOMBIA

ARGENTINA will restrict medium and long term foreign borrowing by pnblic sector entities to a maximum of $3.5bn tbis year in an effort to ensure that its external debt does not grow in real terms.

Sr Roberto Alemann, the country's Minister of Finance said yesterday that tha public sector foreign debt now amounts to about $20bo out of a total external debt of slightly more than $30bn.

Repayments of public sector foreign debt this year total about $7.2bn Sr Alemann said. About $3.7bn of this would be rolled over as short term borrowing but the planned target for medium and long term finance would also allow some [illegible]ing short term debt to be consolidated into a longer maturity.

Argentina has already raised about ooe third of its total medium and long term foreign borrowing requirement this yaar and its latest credit, a $200m loan for the Buenos Aires electric utility, SEGBA, was particularly well received with an estimated sell-down of $90m from managers and co-managers and $70m from smaller participants.

The next public sector credit will be a $250m credit for the gas utility, Gas Del Estado, for which international banks are being invited to submit bids by April 14. This is the utility's first borrowing in the Euro-credit market and funds will be used in part to finance a 300 km gas pipeline project.

Sr Alemann said that Argentina's external accounts were now in a very comfortable position. The curreot account balance of payments deficit last year was reduced to about $3bn from $4.7bn in 1980, and with an anticipated improvement in the visible trade balance, it sbould be eliminated in 1982.

Net interest payments abroad of between $2bn and $2.5bn this year would be covered by a similar surplus in visible trade. Argentina would not borrow to increase its $5bo in reserves because "that would be inflatiooary."

Commercial bankers attending the Inter-American Development Bank annual meeting here agree that Argentioa faces little problems on the external front. Having mat Sr Alemann here for the first time, several bankers now also say that tbey are becoming less concarned about Argantina's internal economic prospects.

Sr Alemann is pursuing a rigorous anti-inflatioo policy involving severe wage restraint and strenuous efforts to cut monetary financing of the public sector borrowing requirement.

He said that total public sector deficit this year sbould amount to less than 2 per cent of GDP, compared with 6.5 per cent last year, and less than balf of that will be financed by money supply expansion at the central bank.

This policy is, however, being imposed at a time when tbe economy is already faltering. The Argentina economy declined last year and living standards are falling.

But Sr Alemann boped the policy would lead to a quick reduction in anfiation, which in turn would lead to lower interest rates and stimulate investment so that growth sbould become positive again in the second balf.

Commercial bankers stress that Argentina needs to produce quick results from its present ecooomic policy, noting that last week's abrupt fall of the peso apparently reflects some continuing uncertainty on the domestic front.

Japanese car groups fill Maruti partner shortlist

BY K. K. SHARMA IN NEW DELHI

MARUTI, the nationalised car maker started by Mr Sanjay Gandhi, the late son of the Indian Prime Minister, is almost certain to chose a Japaoese partner to make a four-door car for the domestic market.

Maruti's short list contains three companies all of them Japanese. They are Suzuki Motor, Nissan Motor, and Mitsubisbi Motor.

A number of European companies including BL from the UK, Peugeot and Renault from France, and Volkswagen and Mercedes-Benz from Germaoy, bad also made proposals for the fiercely cootested partnership with Maruti. The company was oatiooalised in October, 1980, following Mr Gandhi's death in a plane crash.

The fioal selection will be made by the Indian Cabinet after the Public Investmeot Board coosiders the recommendatioo made by the Maruti board. This does not specify any particular company but speaks favourably of the Japaoese companies, particularly Suzuki wbose terms impressed a Maruti team that visited Japan recently.

Suzuki is offering to take a 40 per ceot stake in Maruti and a modest royalty which is said to be less than the 5 per cent fee acceptable to the government uoder foreign lovestment guidelines.

Maruti would manufacture initially 35,000 cars a year but bopes to raise production to 100,000 cars a year.

The only two car models currently available to Indians are based on designs wbich are about 20 years old. One is made by Hindusthan Motors and the other by Premier Aotomobiles.

Bid for small holdings in Hacker

BY JAMES BUCHAN IN BONN

HERR JOSEF SCHOERGHUBER, the Bavarian property and brewing magnate, is seeking further to consolidate his hold over the Municb beer industry by taking full control of Hacker-Pschorr, the city's third largest brewer.

Herr Scboerghuber's bolding company, which already holds 60 per cent of Hacker, confirmed that it was offering DM 900 per DM 50 share to the small shareholders of the company.

Small sbareholdings are believed to comprise only 4 per cent of the total, but another Schoerghuber brewer, Paulaner Salvator Thomasbraeu, in wbich his holding company has 62 per cent, is strongly expected to take up its option on the remaining 36 per cent of Hacker from Bayerische Vereinsbank later in the week.

Completion of the two deals will confirm Herr Schoerghuber's control of nearly balf Muoich's output of 4.6m hectolitres of beer and, as significantly, substantial real estate. The Muoich brewers are unique in Germany in having large boldings of pubs and winebouses.

Earlier this year, Herr Schoerghuber announced a proposal to dismantle the Hacker brewery and replace it with shops, apartments, and offices while moving the production of Hacker beer to fill out capacity at the Paulaner brewery, the largest in Mnoich.

Standstill at Tokyu Department Store

By Yoko Shibata in Tokyo

TOKYU DEPARTMENT Store, the leading company in the Tokyu group's distribution division, has reported little changed sales and profits for the year ended January 31, 1982, reflecting reduced consumer spending.

Operating profits at parent company level rose by 2.4 per cent to Y4.63bn ($18.7m) on full year sales of Y248.82bn, up 1.6 per cent. Net profits were 1.4 per cent higher at Y2.3bn and profits per share were Y20.84 compared with Y21.01.

The company blames the slowdown in sales growth on setbacks in sales of its main product line, clothing. These fell by 4 per cent tn account for 42 per cent of the total

Outlays of Y800m on the opening of three new stores, including one in Hong Kong, in the year reduced earnings but a turnround in non-operating profits to Y365m from the previous year's loss nf Y1.48bn, helped Tokyu to push nperating profits ahead.

The company expects operating profits to increase by 1.5 per cent to Y4.7bn in the current year, on sales of Y261bn, up 4.9 per cent. Net profits are forecast to rise by 4.2 per cent tn Y2.4bn.

Doubled profits and rights from Ka Wah Bank

By Robert Cottrell in Hong Kong

KA WAH BANK of Hong Kong bas reported more than doubled net profits of HK$ 42.7m (U.S.$7.3m) for 1981, against 1980'a HK$ 18.9m struck after tax and transfers tn inner reserves. The bank has also proposed a one-for-four rights issue at HK$ 1.80 per share to raise HK$108.6m net, and a one-for-ten scrip issue.

The bank says the rights issue is necessary to balance its capital base with its assets as it continues to expand. Irrevocable undertakings have been received for 63.6 per cent of the issue.

Palmco earnings squeezed by poor overseas demand

BY WONG SULONG IN KUALA LUMPUR

PALMCO, Malaysia's biggest palm oil refiner, reported a 13 per cent drop in pre-tax profils to 5.2m ringgit (US$ 2.36m) for tbe six months ended December and said conditions for the second half are equally unpromising. Turnover was 238m ringgit, marginally higber than previously.

In the past 18 months, 18 of Malaysia's 48 palm oil refineries have closed down because of difficulties getting crude oil and depressed profit margins for refined oil.

The 48 refineries had a total capacity of 3.6m tonnes a year while Malaysian palm oil output was only 2.8m toones last year.

The results reflect conditions in tbe Malaysian palm oil industrry which is being squeezed by low demand overseas and high premiums for crude oil wbicb is in short supply.

● Dunlop Malaysian Industries Berhad, 51 per cent owned by Dunlop International, has reported a fall in group net profits to 23.8m ringgit (US$10.8m) in 1981 from 27.69m ringgit. Sales rose to 268.12m ringgit from 237.13m ringgit.

Downturn for Nachi Fujikoshi

By Our Financial Staff

NACHI-FUJIKOSHI, a majnr Japanese ball bearing manufacturer now diversifying into industrial robnt production, suffered a 10.7 per cent drop in net earnings in the year to last November partly because of losses stemming from its accumulating inventnry.

Sales rose by 5.3 per cent to Y103.03bn ($417m) but net earnings feli from Y2.71bn to Y2.42bn. Earnings per sbare were Y14.9 against Y17.83.

Earnings are forecast to rise to Y2.5bn in the current year on sales nf about Y108bn.

Mixed group results from major Japanese brewers

BY OUR FINANCIAL STAFF

SAPPORO BREWERIES, Japan's second largest brewer, has repbrted a 12 per cent rise in consolidated net profits for the year ended December, while Asahi Breweries, number three in the industry, has reported a 2.7 per cent drop.

Sapporo's net earnings rose to Y3.98bn ($16.15m) from Y3.59bn on sales ahead by 19 per cent tn Y340.3bn. Sapporo said that higher sales came from new products

Asahi's group net earnings slipped to Y1.58bn from Y1.62bn despite a 10 per cent rise in sales to Y283.3bn. It said that an increase in rationalisation costs — particularly higher retirement allowances for workers made redundant by new production processes—cut profits.

Sapporo had earlier reported a 35 per cent rise in parent company operating profits to Y9bn on a 19.5 per cent increase in sales to Y330bn.

Asahi had reported a 14 per cent fall in parent company net profits to Y1.3bn on a 7.1 per cent increase in sales to Y198bn.

Both companies are forecasting improved earnings for the current year. Sapporo sees a 5 per cent rise in group net profits to Y4.2bn on a 9 per cent growth in sales to Y372bn. Asahi sees a 33 per cent growth in group net profits to Y2.1bn on a 10 per cent rise in sales.

Kirin Brewery, the industry leader with a 62.7 per cent market share, bas so far reported only parent company results for 1981. Net profits rose by 5.7 per cent to Y20.13bn on a 15 per cent increase in parent sales to Y984.8bn.

APPOINTMENTS

Sir Maurice Hodgson joins Dunlop

Sir Maurice Hodgson, who retires as chairman of ICI today, will be joining the board of DUNLOP HOLDINGS as a non-executive director, tomorrow. Sir Maurice joined ICI at Billingham in 1942. He is a member of the court of British Shippers and governor of the London Graduate School of Business Studies. He was knighted in 1979 for services to export.

★

Mrs Sally Oppenheim has been appointed a non-executive director of THE BOOTS COMPANY.

★

Mr A. P. F. Malcolm has been appointed to the board of STEEL BROTHERS HOLDINGS as group finance director.

★

Mr Terry Greer, managing director of JOSEPH HARRIS, part of Johnson Group Cleaners, has been appointed to the group board.

★

Mr P. F. Pepperell has accepted an invitation to join the board of WALTER DUNCAN AND GOODRICKE.

★

AUSTRALIAN CONSOLIDATED INDUSTRIES, Melbourne, has appointed Mr W. S. (Bill) Morrison, managing director of ACI Europe, with responsibilities for the increasing activities in the UK and Europe. He will be based in London. Mr Morrison is a director of the parent company and until his new appointment was deputy managing director of ACI.

★

Following the acquisition of Consine International by REDMAN HEENAN INTERNATIONAL, a test plant division has been formed with Mr Arthur Shillitto, chairman of Froude Engineering—a member of the Redman Heenan group—and a director of RHI, as chairman. Mr Peter Latham, managing director of Froude Engineering at Worcester, Mr Dick Garard, president of Froude Inc of Michigan, U.S., and Mr Brian Morgan, managing director of Consine International, have been made executive directors. Mr Michael Mason, RHI's group financial director, Mr Robert Lickley and Mr J. Gordon Dawson have also been appointed directors.

★

THOMSON McLINTOCK AND CO., chartered accountants, British member of KMG, has appointed Mr C. Alan McLintock as senior partner of the London practice. He also becomes joint chairman of the firm's UK policy council. He takes over the positions from Mr James Macnair who is retiring.

★

Mr Peter Cox has been appointed managing director of NOKIA (UK), UK subsidiary of Nokia Oy, Finland. He joins Nokia after a 10-year career with Philips.

★

Mr Eric de Gelder has been appointed UK and Eire representative for the CAISSE CENTRALE DES BANQUES POPULAIRES, and the Groupe des Banques Populaires. He replaces Mr Antoine Crabit who is appointed directeur adjoint des services "entranger," Paris.

★

Mr Ian H. Johnston has been appointed a director of the YORKSHIRE-GENERAL LIFE ASSURANCE CO., the life company of General Accident. Mr Johnston has been managing director of Joseph Terry and Sons for 18 years and chairman for the last five. Following the acquisition of that company by United Biscuits, Mr Johnston has resigned amicably to become chairman and managing director of a company with the Trusthouse Forte Group.

★

Mr Derrick A. Bailey will be director of the North American specialist division of BRITISH NATIONAL INSURANCE from April 5. Mr George Felton will be director of the UK and international division and Mr Pieter Van Nek will be director for the treaty division also overseeing the ceded reinsurfance for the group.

★

Mr V. D. Sallows has been appointed general manager, Castrol retail division, BURMAH-CASTROL CO., from April 1. He succeeds Mr D. S. Hancocks who has been appointed director—lubricants marketing. Mr N. E. Smith has been appointed sales manager, Castrol retail division in succession to Mr Sallows.

★

Two senior management posts have been created at ITN to enable the company to deal with its expanded commitments and to prepare for cable and satellites. The general manager, Mr Bill Hodgson, becomes director of development and Mr Paul McKee, who has been programme development executive, is appointed deputy chief executive. Mr McKee joins the board of ITN. Mr Paul Mathews, assistant general manager, production, is promoted to general manager.

★

Mr David M. Dunkley, Mr Kenneth G. Hewitt, Mr Josh E. Hopkins, Mr Paul A. Lander, and Mr Ronald F. MacKenzie have been appointed directors of OAKLEY HOLIDAY CENTRES from April 1.

★

Mr A. E. Hepper has been appointed a director of GENERAL INVESTORS AND TRUSTEES.

BUILDING CONTRACTS

£12m for Edmund Nuttall

NEW CONTRACTS totalling £12m in value have recently been awarded to EDMUND NUTTALL. Largest of these is the Yiewsley Bypass awarded to the Mears Division by the London Borough of Hillingdon at a contract price of £5m, which includes 4 km of 7.3 m wide carriageway and a three span bridge 110 m long over British Rail tracks.

Other Mears work include Thames tidal defence works at Gravesend for Southern Water Authority (£570,000) and a fitting out quay on the east side of Hessle Haven, Hull for Richard Dunston (Hessle) (£500,000).

Contracts for British Rail Southern Region are improvements to the CM and EE inspection shed and extension of the repair shed at Slade Green, Kent (£1.25m) and preliminary works at Gloucester Road Triangle, East Croydon (£250,000). Scottish Division awards include contracts for industrial buildings at Bandneath, Stirling for the PSA (£400,000), Corrie water supply, Arran for Strathclyde Regional Council (£300,000) and the coastal strip drainage works at South Queensferry for Lothian Regional Council (£460,000).

Mears Contractors, the Nuttall building subsidiary, has been awarded four contracts including 72 flats for the Servite Housing Association at Rodney Street, Birkenhead (£1.25m), offices at High St., Fareham for Prosig Computer Consultants (£302,000) and Christchurch Day Centre for Dorset County Council (£472,000).

★

BWL LARK has won contracts worth £107,150 for the construction of advance factories at St. Columb Major for the Development Corporation. The project covers construction of two factory units of 1,000 sq ft and two factory units of 1,500 sq ft. Work has started and the premises are expected to be ready for occupation by October.

The Development Corporation is also having two factory units of 1,500 sq ft each built by CE CHRISTIAN at a cost of £89,000 on the Trenant Industrial Estate, Wadebridge.

BASE LENDING RATES

A.B.N. Bank	13 %
Allied Irish Bank	13 %
American Express Bk.	13 %
Amro Bank	13 %
Henry Ansbacher	13 %
Arbuthnot Latham	13 %
Associates Cap. Corp.	13 %
Banco de Bilbao	13 %
BCCI	13 %
Bank Hapoalim BM	13 %
Bank Leumi (UK) plc	13 %
Bank of Cyprus	13 %
Bank Street Sec. Ltd.	14 %
Bank of N.S.W.	13 %
Banque Belge Ltd.	13 %
Banque du Rhone et de la Tamise S.A.	13½%
Barclays Bank	13 %
Beneficial Trust Ltd.	14 %
Bremar Holdings Ltd.	14 %
Brit. Bank of Mid. East	13 %
■ Brown Shipley	13 %
Canada Perm't Trust	13½%
Castle Court Trust Ltd.	13½%
Cavendish G'ty T'st Ltd.	15½%
Cayzer Ltd.	13½%
Cedar Holdings	13 %
■ Charterhouse Japhet	13 %
Choulartons	14 %
Citibank Savings	¶12½%
Clydesdale Bank	13 %
C. E. Coates	14 %
Consolidated Credits	13½%
Co-operative Bank	*13 %
Corinthian Secs.	13 %
The Cyprus Popular Bk.	13 %
Duncan Lawrie	13 %
Eagil Trust	13 %
E.T. Trust	13½%
Exeter Trust Ltd.	14 %
First Nat. Fin. Corp.	16½%
First Nat. Secs. Ltd.	16½%
Robert Fraser	14 %
Grindlays Bank	‡13 %
■ Guinness Mahon	13 %
■ Hambros Bank	13 %
Heritable & Gen. Trust	13 %
■ Hill Samuel	§13 %
C. Hoare & Co.	†13 %
Hongkong & Shanghai	13 %
Kingsnorth Trust Ltd.	14 %
Knowsley & Co. Ltd.	13½%
Lloyds Bank	13 %
Mallinhall Limited	13 %
Edward Manson & Co.	14 %
Midland Bank	13 %
■ Samuel Montagu	13 %
■ Morgan Grenfell	13 %
National Westminster	13 %
Norwich General Trust	13 %
P. S. Refson & Co.	13 %
Roxburghe Guarantee	13½%
E. S. Schwab	13 %
Slavenburg's Bank	13 %
Standard Chartered	‖13 %
Trade Dev. Bank	13 %
Trustee Savings Bank	13 %
TCB Ltd.	13 %
United Bank of Kuwait	13 %
Whiteaway Laidlaw	13½%
Williams & Glyn's	13 %
Wintrust Secs. Ltd.	13 %
Yorkshire Bank	13 %

■ Members of the Accepting Houses Committee.
* 7-day deposit 10%, 1-month 10.25%. Short term £8,000/12 month 12.8%.
† 7-day deposits on sums of: under £10,000 10¼%, £10,000 up to £50,000 11%, £50,000 and over 11½%.
‡ Call deposits £1,000 and over 10%.
‖ 21-day deposits over £1,000 11¼%.
§ Demand deposits 10¼%.
¶ Mortgage base rate.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED TRUSTS

CURRENCIES, MONEY and GOLD

Dollar retreats

Dollar finished around its weakest level of the day as Euro-dollar interest rates retreated from the higher levels touched during the morning. The U.S. currency still finished slightly firmer on balance against most major currencies however.

Sterling ended a little stronger against the dollar, but tended to move in line with the U.S. unit against Continental currencies, finishing slightly up on the day.

French franc was the most volatile of the members of the European Monetary System. It rose to the middle of the system, overtaking both the Irish punt and Italian lira, and also showed a marked improvement against the dollar at one time, but finished weaker on the day.

DOLLAR — Trade-weighted index (Bank of England) 115.9 against 116.2 on Monday, and 109.2 six months ago. Three month Treasury bills 13.23 per cent (14.10 per cent six months ago). Annual inflation 7.7 per cent (8.4 per cent previous month)—The dollar rose to DM 2.4135 from DM 2.4125 against the D-mark; to FFr 6.2450 from FFr 6.2350 against the French franc; and to SwFr 1.9360 from SwFr 1.9280 in terms of the Swiss franc. But fell to Y246.05 from Y246.75 against the yen.

STERLING — Trade-weighted index 90.8, against 90.9 at noon, 90.8 in the morning, 90.9 at the previous close, and 87.4 six months ago. Three-month interbank 13⅝ per cent (16⅞ per cent six months ago). Annual inflation 11 per cent (12 per cent previous month) — The pound traded within a narrow range of $1.7790-1.7840. It opened at $1.7820-1.7830, and closed at the same level, to show a rise of 25 points on the day. Sterling rose to DM 4.3050 from DM 4.30; to FFr 11.13 from FFr 11.0950; and to SwFr 3.4525 from SwFr 3.4350. On the other hand it eased to Y438.50 from Y439.50.

D-MARK — EMS member (strongest). Trade-weighted index 122.8 against 122.9 on Monday, and 120.1 six months ago. Three-month interbank 9.525 per cent (12.20 per cent six months ago). Annual inflation 5.8 per cent (6.3 per cent previous month)—The D-mark showed mixed changes at the Frankfurt fixing, losing ground to the dollar, sterling, Japanese yen, and the French franc, but improving against the Swiss franc, Dutch guilder, and Belgian franc. The Bundesbank did not intervene when the dollar was fixed at DM 2.4150, compared with DM 2.4105, and probably was not active on the open market. Sterling rose to DM 4.3040 from DM 4.3030 at the fixing, but the Swiss franc fell to DM 1.2440 from DM 1.2545. As a reflection of the French franc's recent improvement in the EMS the French currency was fixed at DM 38.69 per 100 francs, against DM 38.42.

FRENCH FRANC Eurocurrency rates declined from their recent high levels in early trading, but showed a firmer trend once again later in the day. This was coupled with an improvement by the Franc against the dollar in the forward market during the morning, followed by a weakening during the afternoon. Euro-Belgian franc rates were generally steady after an early slight fall, but discounts against the franc widened quite sharply in forward trading. Forward lira discounts also widened, and Eurolira rates tended to rise. Among other currencies the *Swiss franc improved in* the forward market as the six-month Euro-Swiss franc rate fell quite sharply, while the D-mark and Japanese yen also improved their position in forward trading, although Euro-mark and Euro-yen rates were little changed. Eurosterling rates were steady for most of the day, and dollar rates finished mixed after showing a firmer trend in the morning.

THE POUND SPOT AND FORWARD

March 30	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.7790-1.7840	1.7820-1.7830	0.30-0.40c dis	−2.36	0.90-1.00dis	−2.13
Canada	2.1880-2.1920	2.1896-2.1905	0.50-0.60c dis	−3.01	1.58-1.68dis	−2.98
Nethlnd.	4.75½-4.79½	4.76¼-4.77½	2⅝-2⅛c pm	5.97	6⅛-5⅞ pm	5.14
Belgium	81.05-81.40	81.20-81.30	18-28c dis	−3.40	65-80 dis	−3.57
Denmark	14.64-14.69	14.65½-14.66½	2⅞-3⅞ore dis	−2.76	9½-10⅞ dis	−2.78
Ireland	1.2390-1.2465	1.2435-1.2445	0.58-0.76p dis	−6.46	1.88-2.07dis	−6.35
W. Ger.	4.29-4.32	4.30-4.31	1¾-1⅝pf pm	4.78	4¾-4⅝ pm	4.18
Portugal	126.90-127.90	127.40-127.70	92-140c dis	−10.91	250-300dis	−8.62
Spain	188.90-190.10	189.90-190.10	55-85c dis	−4.42	195-235dis	−4.53
Italy	2350-2358	2356-2358	34-38lire dis	−18.33	76-81 dis	−13.32
Norway	10.87-10.92	10.89-10.90	2⅝-3⅝ore dis	−3.44	6⅛-7⅛ dis	−2.59
France	11.08-11.17	11.12½-11.13½	13-18c dis	−16.63	26-30 dis	−10.06
Sweden	10.56½-10.60½	10.57½-10.58½	1⅛-⅜ore pm	0.85	2⅜-1⅞ pm	0.76
Japan	436-441	438-439	2.75-2.45y pm	7.11	7.35-7.00pm	6.54
Austria	30.15-30.30	30.20-30.25	15-11gro pm	5.16	35-28 pm	4.17
Switz.	3.43-3.47	3.44½-3.45½	2⅝-2⅛c pm	8.69	6¾-6⅛ pm	7.53

Belgian rate is for convertible francs. Financial franc 93.45-93.55.
Six-month forward dollar 1.78-1.88c dis. 12-month 2.90-3.05c dis.

THE DOLLAR SPOT AND FORWARD

March 30	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7790-1.7840	1.7820-1.7830	0.30-0.40c dis	−2.36	0.90-1.00dis	−2.13
Ireland†	1.4360-1.4430	1.4365-1.4385	0.60-0.45c pm	4.38	1.60-1.45pm	4.24
Canada	1.2275-1.2300	1.2275-1.2280	0.11-0.14c dis	−1.22	0.32-0.36dis	−1.11
Nethlnd.	2.6735-2.6830	2.6745-2.6775	1.85-1.75c pm	8.08	4.89-4.79 pm	7.24
Belgium	45.55-45.65	45.59-45.61	2-5c dis	−0.92	12-17 dis	−1.27
Denmark	8.2150-8.2430	8.2150-2.2250	0.30-0.50ore dis	−0.58	1.00-1.50dis	−0.61
W. Ger.	2.4100-2.4240	2.4130-2.4140	1.36-1.31pf pm	6.64	3.77-3.72 pm	6.21
Portugal	71.45-71.80	71.50-71.70	40-120c dis	−13.41	105-295dis	−11.17
Spain	106.45-106.70	106.50-105.55	20-30c dis	−2.81	65-80dis	−2.72
Italy	1320½-1323¾	1321¾-1322¾	17-20lire dis	−16.79	36-40 dis	−11.50
Norway	6.1075-6.1250	6.1100-6.1200	0.85-1.05ore dis	−1.86	0.85-1.05dis	−0.62
France	6.2225-6.2650	6.2425-6.2475	7-8½c dis	−14.91	12½-14½ dis	−8.66
Sweden	5.9250-5.9500	5.9250-5.9350	1.35-1.20ore pm	2.57	4.40-4.25pm	2.91
Japan	245.50-247.25	246.00-246.10	1.95-1.80y pm	9.14	5.35-3.20 pm	8.57
Austria	16.93½-17.01	16.99½-17.00½	11-9¾gro pm	7.35	28½-25½ pm	6.37
Switz.	1.9290-1.9465	1.9355-1.9365	1.87-1.79c pm	11.34	4.78-4.70 pm	9.79

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Mar. 30	Bank of England Index	Morgan Guaranty Changes%
Sterling	90.8	−32.7
U.S. dollar	115.9	+8.1
Canadian dollar	88.6	−18.2
Austrian schilling	118.4	+24.8
Belgian franc	94.4	−2.4
Danish kroner	82.8	−14.2
Deutsche mark	122.8	+46.4
Swiss franc	138.7	+105.9
Guilder	113.8	+21.8
French franc	78.2	−14.8
Lira	54.2	−58.3
Yen	134.6	+28.9

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Mar. 30	Bank rate %	Special Drawing Rights	European Currency Units
Sterling	—	0.623301	0.558354
U.S. $	12	1.11270	0.993891
Canadian $	15.11	1.37118	1.22275
Austria Sch.	6½	18.8503	16.8411
Belgian F.	13	50.6779	45.2609
Danish Kr.	11	9.13910	8.18949
D mark	7½	2.69816	2.39671
Guilder	8	2.97769	2.65662
French Fr.	9½	6.99332	6.24250
Lira	19	Unavail.	1313.16
Yen	5½	274.369	246.182
Norwgn. Kr.	9	Unavail.	6.08448
Spanish Pts.	8	118.418	105.798
Swedish Kr.	10	6.58830	5.90051
Swiss Fr.	5½	2.13917	1.91231
Greek Dr'ch.	20½	—	62.2859

OTHER CURRENCIES

Mar. 30	£	$		£ Note Rates
Argentine Peso	20,444-20,454†	11,450-11,500†	Austria	30.05-30.35
Australia Dollar	1.6943-1.6965	0.9510-0.9516	Belgium	91¼-92¾
Brazil Cruzeiro	263.02-264.02	147.47-148.21	Denmark	14.58-14.73
Finland Markka	8.246-8.256	4.0335-4.6375	France	11.07-11.17
Greek Drachma	109.509-112.861	62.63-62.85	Germany	4.28½-4.32½
Hong Kong Dollar	10.39¼-10.40¼	5.8315-5.8360	Italy	2320-2365
Iran Rial	147.40*	82.50*	Japan	437-442
Kuwait Dinar(KD)	0.507-0.513	0.2861-0.2866	Netherlands	4.74-4.78
Luxembourg Fr.	81.20-81.30	45.59-45.61	Norway	10.84-10.94
Malaysia Dollar	4.1573-4.1675	2.3330-2.3350	Portugal	125-150
New Zealand Dlr.	2.3180-2.3230	1.3010-1.3030	Spain	182½-193¾
Saudi Arab. Riyal	6.06-6.18	3.4183-3.4813	Sweden	10.54-10.64
Singapore Dollar	3.7925-3.8023	2.1280-2.1300	Switzerland	3.44¾-3.48¾
Sth. African Rand	1.8703-1.8726	1.0485-1.0503	United States	1.77¼-1.79¼
U.A.E. Dirham	6.31-6.57	3.6700-3.6730	Yugoslavia	92-103

† Now one rate. * Selling rate.
March 29 New Zealand Dollar/Sterling 2.3190-2.3230.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU March 30	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.6963	45.3069	+1.37	+1.37	±1.5440
Danish Krone	8.18382	8.18524	+0.02	+0.02	±1.6428
German D-Mark	2.41815	2.40293	−0.63	−0.63	±1.1097
French Franc	6.19564	6.21294	+0.28	+0.28	±1.3743
Dutch Guilder	2.67296	2.66517	−0.29	−0.29	±1.5069
Irish Punt	0.686799	0.691311	+0.69	+0.69	±1.6669
Italian Lira	1305.13	1313.71	+0.66	+0.66	±4.1242

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times. Sterling/ECU rate for March 30 .... 0.557720

EXCHANGE CROSS RATES

Mar. 30	Pound St'rling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.783	4.305	438.5	11.13	3.453	4.770	2357.	2.190	81.26
U.S. Dollar	0.561	1.	2.416	246.0	6.244	1.937	2.676	1322.	1.229	45.58
Deutschemark	0.232	0.414	1.	101.9	2.583	0.802	1.108	547.3	0.509	18.87
Japanese Yen 1,000	2.281	4.065	9.818	1000.	25.38	7.873	10.88	5376.	4.994	185.3
French Franc 10	0.898	1.602	3.868	394.0	10.	3.102	4.286	2118.	1.968	73.00
Swiss Franc	0.290	0.516	1.247	127.0	3.224	1.	1.382	682.7	0.634	23.53
Dutch Guilder	0.210	0.374	0.903	91.93	2.333	0.724	1.	494.1	0.459	17.05
Italian Lira 1,000	0.424	0.756	1.826	186.0	4.722	1.465	2.024	1000.	0.929	34.47
Canadian Dollar	0.457	0.814	1.966	200.2	3.082	1.576	2.178	1076.	1.	37.10
Belgian Franc 100	1.231	2.194	5.298	539.7	13.70	4.249	5.871	2901.	2.696	100.

FT LONDON INTERBANK FIXING (11.00 a.m. MARCH 30)

3 months U.S. Dollars		6 months U.S. dollars	
bid 15 9/16	offer 15 11/16	bid 15 5/8	offer 15 3/4

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, *of the bid and offered rates for $10m quoted by the market to five reference banks* at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Mar. 30	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lire	Belgian Franc Convertible	Japanese Yen
Short term	13-13¼	13⅛-15¾	16-17	5¾-6¼	3⅝-4⅛	9¼-9⅜	18-25	35-50	11⅛-14⅛	6⅛-6⅜
7 days' notice	13¼-16⅛	13⅝-15⅝	16-17	7⅛-7⅜	8¼-2¾	9⅛-9⅛	22-38	55-45	13¼-15⅝	5⅝-6¾
Month	13⅛-13⅝	13¼-13⅛	16⅛-16⅞	7⅛-7⅛	4⅛-4⅛	9⅛-9⅛	24-27	30⅝-33⅛	16-17	6¾-6⅞
Three months	13⅛-13⅝	10¼-13⅛	16½-16⅞	8⅛-8⅛	3⅛-6¼	9⅛-9⅛	22-24	27-28½	16⅝-17⅜	6¾-6⅞
Six months	13⅝-13⅛	16⅝-16⅝	16⅛-16⅞	8⅛-8⅛	3⅞-6	9⅛-9⅛	21-23	23-26	16¾-17¼	6¾-6⅛
One Year	13⅛-13⅝	15⅞-16⅝	16¾-17⅛	8⅛-8⅛	6⅛-6¼	9⅛-9¼	19-20⅛	24-25⅛	16⅛-16⅝	6⅛-6⅛

SFr (financial): short-term 12½-13½ per cent; seven days' notice 12¾-13⅞ per cent; one month 13⅛-13⅝ per cent; three months 13½-13¾ per cent; six months 13½-11⅞ per cent; one year 13½-13⅝ per cent.

SDR linked deposits: one month 14⅛-13 per cent; three months 14-14⅜ per cent; six months 13⅞-14⅛ per cent; one year 13 7/16-13 11/16 per cent.

ECU linked deposits: one month 16 9/16-16 7/16 per cent; three months 14⅞-15⅛ per cent; six months 14⅛-14½ per cent; one year 13⅝-14 per cent.

Asian $ (closing rates in Singapore): one month 15⅝-15⅞ per cent; three months 15⅝-15¾ per cent; six months 15⅝-15⅞ per cent; one year 15½-15⅝ per cent. Long-term Eurodollar two years 15⅛-15½ per cent; three years 15½-15⅝ per cent; four years 15½-15¾ per cent; five years 15½-15¾ per cent nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two days' notice.

The following rates were quoted for London dollar certificates of deposit: one month 14.95-15.05 per cent; three months 15.05-13.15 per cent; six months 10.10-15.20 per cent; one year 13.10-15.20.

MONEY MARKETS

Full supply

London clearing bank base lending rate 13 per cent (since March 12)

The Bank of England forecast a surplus of funds in yesterday's London money market, the first time since February 10. A surplus of around £150m forecast in the morning reflected bills maturing in official bands and a net take up of Treasury *bills of £123m* and the unwinding of a previous sale and repurchase agreement of £168m, offset by Exchequer transactions of £330m and a fall in the note circulation of £60m. There was no intervention by the authorities in the morning and later in the day the forecast was revised to a shortage of £100m. The Bank took out some of the surplus by selling £41m of Treasury bills at 12⅞-13 per cent, maturing today.

Discount houses were paying up to 13 per cent for secured call loans but some balances were taken as low as 10 per cent. In the interbank market overnight money opened at 13¼-13½ per cent and eased to 12½-12¾ per cent on the forecast of a surplus before coming back to 12¾-13 per cent in early afternoon trading. Rates fell away to 12-12½ per cent, but those still requiring funds at the end were paying nearer 14 per cent. Longer term rates showed a rather flat yield curve in nervous trading with the recent improvement in short term liquidity levels in London countered by indications of firmer rates in the U.S.

In Amsterdam the official Dutch call money rate was cut to 1.5 per cent from 5 per cent. The rate was previously at 1.5 per cent until last Friday when funds drained by payment on a 2½-year Treasury bill issued tightened liquidity levels and pushed up call money to 5 per cent. The low levels seen recently have reflected central bank intervention in the foreign exchange market in support of the French franc and this has swollen domestic liquidity levels.

In Paris the average yield on three-month Treasury bills fell to 16.54 per cent from 16.87 per cent and for six-month to 15.93 per cent from 16.09 per cent. Total applications were FFr 4.3bn and FFr 3.93bn respectively and allocations FFr 3.03bn and FFr 2.04bn.

MONEY RATES

NEW YORK	
Prime rate	16½
Fed. funds (lunch-time)	15⅛-15⅝
Treasury bills (13-week)	13.23
Treasury bills (26-week)	13.10
GERMANY	
Special Lombard	9.50
Overnight rate	9.525
One month	8.575
Three months	8.55
Six months	9.40
FRANCE	
Intervention rate	17.0
Overnight rate	18.0
One month	17.25
Three months	16.4375
Six months	15.4375
JAPAN	
Discount rate	5.50
Call (unconditional)	7.03125
Bill discount (three-month)	6.53125

GOLD

Firmer tendency

Gold rose $6¾ in the London bullion market yesterday to $325¼-326¼. It opened at $326½-327½ and was fixed at $325.75 in the morning, and $324.25 in the afternoon. The metal touched a high point of $327-328, and a low of $324-325.

In Paris the 12½ kilo gold bar was fixed at FFr 66,200 per kilo ($329.79 per ounce) in the afternoon, compared with FFr 66,200 ($329.96) in the morning, and FFr 66,000 ($326.62) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 25,475 per kilo ($327.97 per ounce), against DM 24,800 ($320.63) previously, and closed at $324-325, compared with $317-320.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $326.50 per ounce, compared with $319.00 previously.

In Zurich gold finished at $323-326, aganist $317-318½.

	Mar. 30		Mar. 29	
Gold Bullion (fine ounce)				
Close	$326¼-328¼	(£182½-183)	$318½-318½	(£178¾-179¼)
Opening	$326½-327½	(£183.3-183.8)	$318½-319½	(£178-178½)
Morning fixing	$325.70	(£182.821)	$319.50	(£178.042)
Afternoon fixing	$324.25	(£181.938)	$318.60	(£178.882)
Gold Coins				
Krugerrand	$334¼-305½	(£187¾-188¼)	$329-330	(£184¾-185¼)
1/2 Krugerrand	$172-173	(£96½-97)	$169¼-170¼	(£93-95¾)
1/4 Krugerrand	$87½-88½	(£49-49¾)	$86-87	(£48¼-48¾)
1/10 Krugerrand	$35¾-36¾	(£20-20¾)	$36-39	(£19¾-20¼)
Mapleleaf	$335½-336½	(£188¼-188¾)	$330-331	(£185½-186)
New Sovereigns	$79¼-79¾	(£44½-44¾)	$78-78½	(£43¾-44)
King Sovereigns	$98-99	(£55-55½)	$96-97	(£54-54½)
Victoria Sovs.	$98-99	(£55-55½)	$96-97	(£54-54½)
French 20s	$78¾-88¾	(£44¼-49¾)	$77-87	(£43¼-48¾)
50 pesos Mexico	$402-404¾	(£295½-297)	$394½-397½	(£291½-225¼)
100 Cor. Austria	$316-317½	(£176¾-178)	$309-311½	(£173½-175)
$20 Eagles	$447-452	(£250¾-253½)	$445-450	(£250-252¾)

LONDON MONEY RATES

Mar. 30 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	12-14	12¾	—	—	13¾-13¼	10-16	—	—	—
2 days notice	—	—	13½-13⅝	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	13¼-13⅜	13⅝	—	—	15⅝-13½	12¾-16	—	—	—
One month	16⅝-13½	13½-16⅝	13½	14¼-14⅞	13⅛	13¾-16⅞	16	13⅛-16⅛	13⅛-13⅛	10⅞
Two months	13⅝-13⅛	13⅛-13⅛	—	14⅛-13¾	13⅝	16⅞	12¾	12⅛	18⅞	13⅛
Three months	13⅝-13½	13⅛-16⅛	13⅝	14-13⅝	13⅛	16⅞	12⅝-18½	18⅛-12⅛	12⅛	13⅝
Six months	13⅛-13⅛	13⅛-13⅛	13⅝	13⅝-16	13⅛	—	—	—	12⅛-12⅛	13⅛
Nine months	13⅛-13⅛	13⅛-16¾	—	13⅞-13⅝	13⅛	—	—	—	—	—
One year	13⅛-13⅛	13⅛-13¾	13¾	13¾-13½	13⅛	—	—	—	—	—
Two years	—	—	13⅝	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 13⅞ per cent; four years 14 per cent; five years 14 per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12 21/32-12 23/32 per cent; four months trade bills 13⅞ per cent.

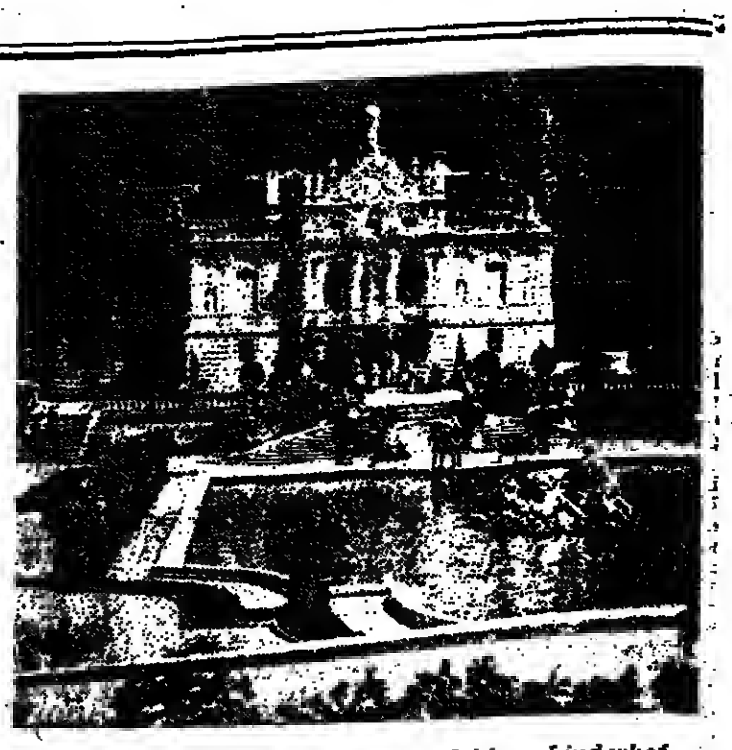
Approximate selling rates for one month Treasury bills 12 15/16-13 1/16 per cent; two months 12 13/16-12⅞ per cent; three months 12½-12 19/32 per cent. Approximate selling rate for one month bank bills 13 1/32-13 1/16 per cent; two months 12⅞-12 15/16 per cent and three months 12 25/32 per cent; one month trade bills 13⅝ per cent; two months 13⅝ per cent; three months 13⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 15 per cent from March 1 1982. Clearing Bank Deposit Rates for sums at seven days' notice 10-10½ per cent. Clearing Bank Rates for lending 13 per cent. Treasury Bills: Average tender rates of discount 12.5132 per cent.

Certificates of Tax Deposits (Series 5) 13½ per cent from March 8. Deposits withdrawn for each 11 per cent.

Southern Germany

Baden-Wuerttemberg and Bavaria, long renowned for their natural beauty, also have economic links. Here and on the next page **James Buchan** examines the region



Tourist attraction in Bavaria: Schloss Linderhof

Germany's two power houses

SOUTH OF THE MAIN, Germany seems quite another country for even in the midst of winter, the south wind blows up from Italy.

In Munich, the Foehn as this south wind is called, sweeps down off the Alps without warning and strips the sky of cloud in half an hour, mountains appear auddenly between the bulhous towers of the Frauenkirche.

It is a crazy wind and many people feel as bewitched as poor Hans Castorp on his magic mountain. The head rings like metal, cigars lose all their taste and the crowds in the snowy squares seem to wander as if dazed.

If Munich is a little magical and bolds out promises of Italy, Stuttgart is sensible and rather Swiss. In place of the dizzying splendours of Bavarian baroque, thare are sober temples of Genevan Protestantism and a thousand savings hanks. While Municb gives itself over to Wagner and the more outre productions of Richard Strauss, a Stuttgart audience will ait crossly through a ludicrous Der Freischutz but applaud its money's worth at the end.

Bavaria and Baden-Wnerttemberg, the two South German Laender of which Munich and Stuttgart are such representative capitals, have more in common with each other than with the crumpled flatlands of the North of the Federal Republic as a whole.

But for a brief and surprising interval in Bavaria in the 1950s, both states bave been ruled firmly from the Centre-Right since the creation of West Germany. From rather dismal beginnings after the war, poor in resources and predominantly agricultural, both states consistently achieved higher than average economic growth until very recently. Their economic structures, hased in agriculture and small and medium-sized industry, mechanical engineering, automobiles and electronics, are the soundest in West Germany. The two states have heen described as the "power house of modern Germany."

Finally, South Germany's great natural heauty, architecture and music have made Bavaria and Baden Wuerttemberg the first and second most popular places for visitors in West Germany. Bavaria alone accounts for a third of the Federal Republic's tourist husiness.

Fiercely proud

These similarities might seem surprising given the two Laender's widely differing historical experience. For a thousand years, Bavaria was ruled by one family, the Wittelsbachs, and Bavarians remain fiercely proud of their independent beritage — to the extent of bloody-mindedly rejecting the hasic law of the Federal Republic in 1949.

Even today, there is a palpable tension between Bavaria and the Federal Government, evident not only in Herr Franz Josef Strauss's bitter castigations of the Social Democrat leaders but also in Bonn's bostility to such pet Bavarian projects as the Nurnberg-Regensburg canal to create a waterway from the North Sea to the Black Sea.

Munich was never an imperial capital, hut it was always rich and the Residenz still boasts the finest renaissance rooms north of the Alps. Munich's greatest benefactor was Ludwig I, the early 19th century Wittelsbach, who adorned the town with neoclassical streets and buildings which give some visitors tha sense of a metropolis but remind others of a cemetery.

Ludwig gave up his throne for the Irish dancer Lola Montez, to the scandal of all Europe. From her portrait by Siedler in the Nymphenburg, she was a woman dark and glossy as black coral; she looks well worth the loss even of Munich.

Ludwig's successor but one, Ludwig II, did even more for modern Bavarian tourism, as much perhapa aa the lakes south of Munich or the famous autumn beer festival. His neurasthenic friendship with Wagner ultimately created the great Bayreuth festival in North Bavaria while he littered the countryside with paranoic castles whose purpose and conception does not bear thinking about.

His Versailles at Herrenchiemsee, which cost his kingdom its financial bealth, is the maddest huilding on earth for its vast hall of mirrors sheltered not princes and courtiers but the king's sole companions, one bairdresser and one coachman.

A brief flirtation with Sovietism in 1919 was followed by a longer affair with National Socialism, for Hitler, greatly to the embarrassment of the modern Bavarians, loved Munich and carried away from it an abiding bad taste in architecture and women.

Since the war the politics of Bavaria has heen hound up with Herr Strauss, a founder member of the Bundestag, and his Christian Social Union, a Party unique to Bavaria. Tbey are the state's colossi and have come to represent at Federal level a particularly Bavarian form of Right-wing, some might say whimsical, conservatism.

The people of Baden-Wuerttemberg, for example, consider their conservatism to be *Bodenstaendig* — that is, with feet firmly planted on the ground — and have little tima for their neighbour's pretensions. Formed from a muddle of small states as late as 1952, and only confirmed at a referendum in 1970, Baden-Wuerttemberg lacks a coherent regional political tradition and has tended to look forward.

There could be no greater contrast between Herr Strauss, bull-necked and belligerent, and the retiring figure of the Prime Minister in Stuttgart, Herr Lothar Spaeth, one of the younger generation of liberal conservatives in the Christian Democrat union. The only similarity is that both enjoy almost autocratic majorities in the local parliaments.

Economically alike

Instead, the economic likeness springs from their sbared experience immediately after the war as relatively hackward corners of a devastated country.

Today, with just over 30 per cent of the nation's population, Baden - Wuerttemherg and Bavaria now contribute respectively 16 and 17 per cent of gross national product. In Bavaria, the achievement has been particularly remarkahle with a mean 4 per cent growth since 1960 against a Federal average of 3.7 per cent.

In fact, the predominance of agriculture at the end of the war actually proved a strength for, apart from the troubled Maxhuette steelworks, Munich bas not been faced with the headaches of maintaining outmoded manufacturing industry. Instead, Bavaria succeeded in attracting electronics concerns —including Siemens from Berlin—and setting its thousands of refugees from the East to building up mechanical engineering industries in Schweinfurt, at the MAN complex in Augsburg and in Nurnherg and Munich.

These two sectors still dominate the local economy: in terms of employment, they accounted for 17.6 per cent and 12.7 per cent of the total in 1980, and were followed by the motor industry (9.6 per cent) and textiles (6.5 per cent).

Although Baden-Wnerttemberg was also predominantly farming country at the end of the war, it had already shown that tradition of inventiveness associated with Daimler-Benz, the Zeppelin and the development of typesetting and the bicycle. Now the most highly industrialised Laender in the federation, its development has been strongly influenced by the dominant presence of Daimler-Benz in Stuttgart.

In slight contrast to Bavaria, mechanical engineering accounts for 17.7 per cent of all employment, electronics 15.5 per cent, the motor industry 13.9 per cent and textiles 8 per cent. It has, however, curiously failed to develop a purely regional banking industry, whereas Bavaria's three major banks have strongly resisted the invasion of the "grossbanken" from Frankfurt and bave even expanded vigorously outside the state.

Both states show a remarkable preponderance of small and medium-sized firms. Companies with fewer than 500 employees make up 96 per cent of all enterprises in Baden-Wuerttemberg and 97.5 per cent in Bavaria. This has created flexibility in developing new products and resistance in response to economic recession. It has also helped bridge the gap with the rural population hy providing opportunities for an extra family income from work in a factory.

The result has also been unemployment consistently below the Federal average. Predictions for this year are 6 per cent in Bavaria and 4.6 per cent in Baden-Wuerttemberg, against a Federal prospect of well over 7 per cent.

Long border

Not that both states are entirely free of difficulties. Bavaria is bampered by a persistent structural weakness in its long border region with East Germany and Czechoslovakia. In the 1970s, both states had to go through a painful process of restructuring their textile sectors in the face of Tbird World competition and Baden Wuerttemberg bas this year seen embarrassing bankruptcies in hi-fi and television companies strongly affected by imports from Japan.

In fact, as a producer predominantly of capital goods, Baden-Wnerttemberg bas felt the recession more sharply and quickly than other regions. Growth slumped to −0.23 per cent last year compared with a Federal average just in the black. Both states are also poor in energy snpplies and face tough political battles in developing new sources of nuclear power.

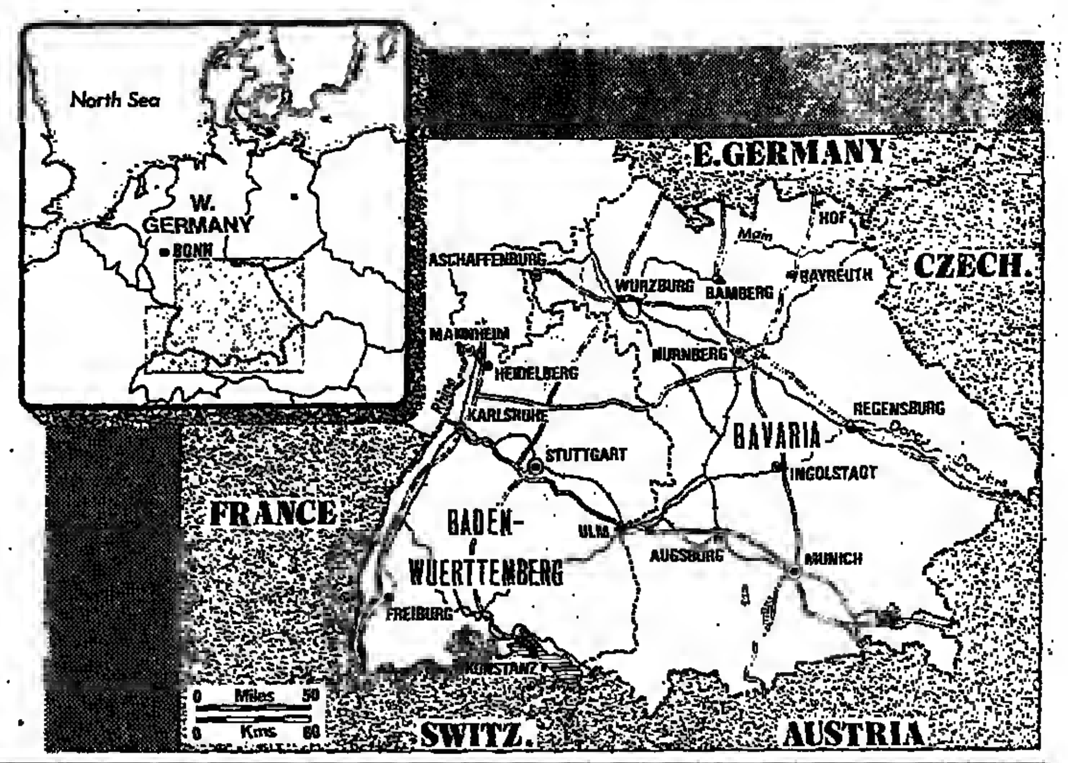
Unspoiled tracts

Of South Germany's long-term economic strength, however, there can be no doubt. What is, perhaps, as pleasant to record is that for all the ravages of war and *Wirtschaftswunder*, the two Laender sbould still be so well worth visiting and that there can still be the unspoiled tracts of the Bayerische wald or, in a corner of the Nymphenburg park in Munich, a building like the Amalienburg.

I suspect heaven is a bit like the inside of the Amalienburg on a winter's day, a cool dream of silver, ice and looking-glass, a melancholy sense of surfeit and immortality.

BASIC STATISTICS

	BADEN-WUERTTEMBERG	BAVARIA
Population (1980)	9.19m	10.87m
Employed labour force (1979)	3.92m	4.78m
Sectors:		
Agriculture	208,000 (5.3%)	467,000 (9.8%)
Industry	2.01m (51.3%)	2.11m (44.2%)
Services	1.7m (43.4%)	2.20m (46.0%)
Unemployment (Dec 1980)	104,300	202,800



Why Strauss and Spaeth dominate the political field

GOVERNMENT POLITICIANS in Bonn tend to throw up their hands in despair when the conversation comes round to South Germany. While the Christian Democrat-Christian Social Union (CDU-CSU) alliance has languished in opposition in Bonn for almost as long as anyone can remember, the CSU has not been out of office in Bavaria, apart from a brief spell in the 1950s, while its CDU cousin in Baden-Wuerttemberg has naver been out of power at all.

Political forecasting is common but debased coin in West Germany, especially in a year when four provincial elections could sharply alter the balance of power in Bonn. Yet it is possible to predict with some certainty that the October poll in Bavaria will see Herr Franz Josef Strauss leading the CSU to overwhelming victory.

The question is merely whether he can increase his share of the vote above the almost dictatorial 59 per cent of the last election in 1978.

In Stuttgart, the possihility for error is greater since the next provincial election is not until 1984. Nonetheless, it is considered a strong likelihood that Herr Lothar Spaeth, the young Christian Democrat leader in Baden-Wuerttemberg, can add to the 53 per cent majority he gained in 1980.

Social Democrats might thus be forgiven for lumping the two laender together and dubbing the whole of South Germany a hotbed of reaction. In fact, the political atmosphere is quite different in each state and is shown clearly in the characters of the two dominant political figures and of the parties they lead.

Herr Strauss, at 67, is still the outstanding politician on the opposition benches in Bonn and for 21 years has lorded it over the CSU in Bavaria—almost to the exclusion of anyone else. His irreducible stronghold in prosperous Bavaria has actually been both a strength and a weakness in federal politics for he has come to he seen as a manifestation of a particularly Bavarian form of Right-wing, Catholic and occasionally intemperate conservatism.

Herr Strauss has not been the man to reconcile the wide differances in regional or denominational temperament in the Christian Democrat opposition and has remained out of sympathy with the more conciliatory mood among many Germans since the launching of Ostpolitik. While he continues to tower over his colleagues in dehate, his one tilt at the Chancellery, in the elections of 1980, ended in humiliating defeat.

Lothar Spaeth, Christian Democrat leader, in Baden-Wuerttemberg, with (right) Franz Josef Strauss, leader of the Christian Social Union in Bavaria: a formidable alliance

Back at home, however, Herr Strauss and the CSU, which exists only in the state, have come to stand as the guarantors of specific Bavarian interests against the interference of Bonn and to represent that fierce independence which begins at the borders with a welcome to the "Free State of Bavaria."

Herr Strauss has been able to profit from the difficulties of the Bavarian SPD, which, driven into the stony wastes of opposition, has taken to radical paths and fallen to squabbling. When the CSU wrested the city of Munich from a divided SPD in 1980, it could at last dispose of tha charge that it is predominantly a party of farmers and country people.

Party and population have always rallied round Herr Strauss, even when his impetuousness has hrought him into trouble in Bonn, as after the famous "Spiegel Affair" in 1962. Many Bavarians hoped that the general election defeat of 1980 might persuade Herr Strauss to confine himself more to provincial politics, but of this there is no sign. Even in Bavaria, no rival has dared show themselves: and it may not be until the mid-1980s that a potential successor emerges, hlinking, into the Munich sunlight.

Herr Spaeth is of *quite* different kidney. Still just 43, he is one of a group of younger CDU politicians now beginning to jostle the old guard of Herr Strauss and Herr Helmut Kohl, the party chairman. Small, dapper, intensely pragmatic, Herr Spaeth passed his early career in the construction industry and shows a strong interest in husiness and new technology.

He was elected State Prime Minister only in 1980, after Herr Hans Filhinger, who had guided the atate since 1966, was obliged to step down after badly misjudging the degree of resentment over revelations of his activities in the Nazi era. Herr Spaath just defeated Herr Manfred Rommel, the Mayor of Stuttgart and son of the Field-marshal, a man whom Herr Filbinger favoured and who certainly has a hright future in federal politics.

Herr Filbinger's great achievements were to reconcile the different traditions of Catholicism and Low Protestantism somewhat uneasily brought together when the state was founded in 1952, and to woo the strong liberal train over to the CDU. From this foundation, his successor has been ahle to play an important part in narrowing the differences between the CDU, with its strong Liberal and Protestant element in tha north, and Herr Strauss.

Without douht, Herr Spaeth faces a difficult year in Baden-Wuerttemberg because the recession has hit its capital goods industry sharply. He can also expect a struggle over his fierce advocacy of a new nuclear power station at Wyhl, near the French border.

However, these issues can do little more than snap at his coat-tails. A recent opinion poll gave Herr Spaeth a majority of 57 per cent in the state—a figure even Herr Strauss would not sneer at.

A Bavarian tradition: farmers in Falkenberg brew their own beer every winter

Steady drift from land continues

A PASSING glance at the annual reports issuing from the State Agriculture Ministries in Munich and Stuttgart might suggest, to the imaginative, a horrible picture of South Germany as a land of famine and destruction, of farms abandoned and a vanished country population. Since 1949 the number of farms in Baden-Wuerttemberg has been more than halved from 326,000 to 140,000 while the proportion of Bavarians employed in farming has dropped from 30 per cent in 1950 to 10 per cent in 1980 and continues to fall.

That this picture is entirely fanciful is clear to anyone visiting the green valleys of upper Bavaria or the hop gardens of Hallertau, or tasting Wuerttemberg riesling. despite annual declines in production, acreage under-cultivation and employment, farming continues to play a significant role in both states. Local governments go to great lengths to support their farmers and the farmers take part-tima work so as to he able to stay on the land.

11,000 left

Although there has been a steady drift from the land, amounting to 11,000 farm-workers in Baden Wuerttemberg in 1979-80 alone, it has never amounted to a destructive stampede.

In every key respect Bavario remains the greatest farming state in West Germany, accounting for a quarter of the country's food production and a third of its timber. Baden-Wuerttemberg lies fourth in the table of German farming Laender (states), hut is an important producer of meat, milk and wine. Next to the *Rhineland Palatinate* it is the largest producer of red wine in West Germany, with over 20,000 hectares (50,000 acres) of vineyards. Bavaria produces some delightful white wines from 4,000 hectares (10,000 acres) along the River Main in Upper Franconia.

In neither *state* is agriculture of compelling economic significance when set against the dynamic industrial and aervice sectors; nor is it in the Federal Republic as a while for that matter. The contributioo of agriculture to Gross Domestic Product is 3.1 per cent for Bavaria, 1.9 per cent for Baden-Wuerttemberg and 2.1 per cent for Federal Germany as whole.

Neither state is inclined, however, to regard agriculture in terms of pure ecooomic contrihution. Both consider farming to he important for the hroad economic hase that has helped them weather recent economic squalls more successfully than the other states.

In Bavaria in particular there are hili areas that are useless for any other form of economic activity, leaving aside the long horder strip with Czechoslovakia and East Germany into which industrial enterprises cannot be tempted. About 40 per cent of Bavarian farms are to be found in the Alpine region or other areas not particularly favoured by nature.

Inevitahly, too, in such conservative-minded atates agriculture provides a link with the past and with certain idealistic notions of what South Germany was once like. In this respect the farmlands and woodlands of which the two states have more than their fair share are considered important factors in tourism. Bavaria and Baden-Wuerttemberg are, not surprisingly, the first and second most popular places to visit in West Germany.

Finally, bleak memories of hunger twice this century have created in country folk and local governments a certain emotional attachment to working the land for its own sake.

South Germany has to face the handicaps similar to those of other farming areas in Europe and particularly the growing disparity hetween farmers' income and that of other workers. Bavaria and Baden-Wuerttenberg also share some particular prohlems of their own. Because primogeniture was never a strong principle in the inheritance laws of the region farms tend to be small and fragmented. The picture has improved greatly in recent years but the average size of farms (10.4 hectares in Baden-Wuerttemherg, 12.8 in Bavaria) is still well below the Federal average of 14.6. The average size of an English farm for comparison is 66 hectares (around 160 acres).

Bavaria has further to contend with its unsatisfactory position, jammed up against the border with the East, distant from the main EEC markets and separated from its main foreign customer, Italy, by a mountain wall.

The problem of declining farm incomes has proved easier to meet because of the widespread opportunities for part-time work. This is particularly true of Baden-Wuerttemherg, where the industrial landscape is predominantly made up of medium-sized companies scattered in every corner of the state. Some 62 per cent of Baden-Wuerttemberg's 150,000 farms depend on a main income from other sources; in Bavaria the figure is 48.5 per cent.

Smallholdings

This usually means that in any given family the father will cycla off to a local factory half an hour away and the sons will help in a nearby hotel. They will return to help their womenfolk on this smallholding in the evenings and at weekends. Moreover, rooms can be let to tourists in the summer.

In return for the hard work the family can expect a reasonable income and one that is competitive. The average family earnings for a part-time farm in Baden - Wuerttemberg are DM 36,000-38,000 a year, which compares favourably with an average income for full-time farming families of DM 33,000. In fact it is the falling incomes of full-time farmers, particularly in eastern Baden-Wuerttemberg, that presents Stuttgart with its chief structural problem.

The cost in productivity and investment is considerable and inevitable. In milk production, again in Baden-Wuerttemberg, part-time farmers are only a quarter as efficient as full-time farmers. Their gross investment is under half that of full-time farmers but there seems no other way for the land to be worked.

Another serious problem arises from the general smallness of the holdings. Although the number of large farms has increased sharply in both states since 1971, the predominance of holdings smaller than 5 hectares is overwhelming in Baden-Wnerttemherg and in the uplands of Bavaria. The figures are 42 per cent for Baden-Wuerttemberg and 25 per cent for Bavaria.

Assistance from local authorities, from Bonn or from the EEC in Brussels has alleviated some of the handicaps, as have such schemes as the Bavarian "ring" system for sharing machinery among small-holdings. The most important effort in both states has been to unite the small and scattered fields of each holding into more efficient units. In the wine-growing areas of the hank of the Rhine in Baden and beside the Neckar in Wuerttemberg some 60 per cent of the acreage has been affected. Although Stuttgart dispenses about 60 per cent of the cost of rationalisation, there remains np to DM 60,000 per hectare for the farmer to shoulder, a burden that many find intolerable, especially after two years of hard frosts.

Given such formidahle problems it is remarkable that both states, and particularly Bavaria, have managed to prove such energetic exporters of agricultural goods. In 1979 Bavarian farm exports exceeded imports for the first time in recent years, amounting to DM 3.6bn or 8.5 per cent of the state's total exports. In Baden-Wnerttemberg, the figures were a less imposing DM 1.4bn and 2.5 per cent.

Bavarian exports to the EEC increased by a full 35 per cent between 1970 and 1979, with Italy accounting for over 60 per cent of the offtake and about a quarter of Bavaria's daily milk production. The Bavarians now claim they sell more cheese to France than they import.

WORLD STOCK MARKETS

NEW YORK

Wall St mixed at mid-session

THERE WAS little inclination on Wall Street to move either way yesterday morning, and firmer issues just narrowly outscored declines at mid-session after another moderate turnover.

The Dow Jones Industrial Average, which recovered 5.90 on Monday on a late Blue Chip rally, was a marginal 0.67 harder at 834.49 at mid-day. The NYSE All Common Index edged up 3 cents more to $64.68, while trading volume amounted to 23.14m shares against the previous day's noon total of 20.38m.

Larry Wachtel, of Bache Group, said there was some disappointment about news yesterday morning of a 0.3 per cent decline in February's leading U.S. economic indicators, but "the market is so sold out at this point, it cannot go down any further."

Analysts said investors may also be waiting to hear if President Reagan offers any compromises on the Budget deficit at his Press conference, scheduled for tonight.

Trading was trendless, with issues in special situations attracting the most attention. Schlitz Brewing was the volume leader, gaining $1 to $14¾. Stroh Brewery has offered $16 a share for Schlitz.

The largest gain was recorded by Holly Sugar, up 4⅛ to $47. The stock fell sharply last week after Holly's chairman said he was considering a leveraged bid for the company.

Safeguard Scientifics opened for trading for the first time since March 11 and promptly dropped 4⅝ to $6⅛. Two brokerage houses bought 54.7 per cent of the company's stock because an investor could not meet margin calls on the shares.

Data General firmed $⅝ to $32¼ even though it reported lower second-quarter earnings and predicted a drop in third-quarter results.

Closing prices for North America were not available for this edition.

THE AMERICAN SE Market Value Index hardened 0.87 to 261.47 at noon. Volume 1.69m shares (1.86m).

Canada

A slight tendency to lower levels prevailed at midday after moderate activity. The Toronto Composite Index lost 2.0 more at 1,601.5 and Metals and Minerals 7.0 at 1,467.7, but Golds gained 27.0 to 2,226.3.

Turbo Resources, which continues to hold discussions with its bankers on a refinancing of its debt, resumed trading at noon. Turbo was off 10 cents at C$2.05 on Toronto volume of 22,450 shares.

Westcoast Petroleum resumed at the opening following news that Westcoast Transmission has increased its per share bid for the company to C$29 from C$27. Westcoast Petroleum was up 1¼ at C$27¼ in active trading.

Tokyo

Worries over export prospects, especially in light of Japan's trade conflicts with Western countries, kept most of the export-orientated Blue Chips depressed yesterday. The overall market displayed an easier tendency, but speculative issues met fresh active buying attention with several moving sharply ahead, while some low-priced Domestic shares also improved.

The Nikkei-Dow Jones Average was only 5.33 lower at 7,193.83, although the Tokyo SE index dipped 2.54 to 529.91. Declining issues outpaced advances by 373 to 247 on the First Market after a large volume of 540m shares (340m).

Hitachi fell Y25 to Y550, Toshiba Y7 to Y301, Honda Motor Y16 to Y582, Fuji Photo Y10 to Y1,250, Toyota Motor Y11 to Y845, Nippon Electric Y8 to Y687, Sumitomo Metal Y7 to Y180, Nippon Steel Y4 to Y156, Victor Y80 to Y1,750, Olympus Y15 to Y800 and TDK Electronic Y40 to Y3,160.

Sumitomo Metal Mining and Mitsui Mining and Smelting, subject to recent heavy speculative interest on gold exploration hopes, attracted hectic buying yesterday.

Germany

After improving for much of the day, share prices slipped late in the session to end on a mixed note.

Brokers said that foreign purchases pushed many shares higher initially in moderate trading on what was apparently the belief that West German stocks were currently at bargain prices with the U.S. dollar at its present high level against the D-mark. However, domestic investors did not join in the rally, and some prices consequently fell back before the close.

Commerzbank advanced DM2.40 to DM 148.40 after results that held out hope for resumption of a dividend payment next year. Dresdner Bank put on DM 1.50 to DM 157.00 and Deutsche Bank 50 pfennigs to DM 278.60

In Electricals, Siemens reached DM 223 before easing to close at DM 222, up DM 1.30 on balance.

Switzerland

Bourse prices were firmer-inclined in lively trading, as news that four major Swiss banks have cut their rates for Customer Time Deposits by half a percentage point stimulated buying.

The reduction confirmed widespread market opinion that Swiss interest rates may stay at lower levels for some time.

Australia

Stocks lost further ground over a broad front yesterday in further thin volumes with the Oils sector again the hardest hit.

Brokers reported nervous selling prompted by fears of a Labour victory in the Victoria State election this Saturday.

The All Ordinaries index receded 6.4 more to 463.3, Oil and Gas 15.6 to 392.6, Metals and Minerals 6.6 to 324.5 and All Industrials 3.0 to 620.7.

BHP led the downturn, falling 18 cents to A$7.26 and coming within a whisker of setting a new 1982 low. Some selling of the stock was inspired by the news that it was seeking tariff assistance to keep out cheap steel imports.

CSR dipped 14 cents to A$3.02, with its troubles appearing to stem mostly from the distributing delay in getting news from the Jackson South well and from some disappointment with the oil shows in the latest Dullingari and Merrimelia wells.

Oils generally were under pressure, with Hartogen retreating 25 cents to A$3.05, Crusader Oil 45 cents to A$3.45, Bridge Oil 25 cents to A$2.45, Santos 20 cents to A$4.10, Vamgas 30 cents to A$5.40 and Claremont 10 to 92 cents.

Hong Kong

The market tended to pick up initially on meeting some bargain hunting, but later reverted to a downward course to end lower on the day. Trading remained extremely light.

The Hang Seng Index, after edging up around six points, finished a net 7.56 weaker at 1,167.16, making a fall over the past four business days of 56 points. Combined turnover on the four exchanges came to HK$111.14m, compared with Monday's HK$92.95m.

Brokers said trading was again dull with mostly small investors jockeying for short-term gains, where possible. Rising U.S. interest rates are dominating the market and will continue to smother prices until a rate decline commences, they added.

Johannesburg

Gold shares showed some recovery in line with the Bullion price. Kloof stood out with a rise of R1.75 to R28.75, while Randfontein put on R1 to R53.

Indices

NEW YORK —DOW JONES

STANDARD AND POORS

NY. S.E. ALL COMMON

MONTREAL

TORONTO Composite

NEW YORK ACTIVE STOCKS

CANADA

BELGIUM (continued)

BELGIUM/LUXEMBOURG

DENMARK

FRANCE

GERMANY

AUSTRIA

HOLLAND

ITALY

NORWAY

SWEDEN

SWITZERLAND

AUSTRALIA

HONG KONG

JAPAN

JAPAN (continued)

SINGAPORE

SOUTH AFRICA

Financial Rand US$0.75½ (Discount of 21½%)

BRAZIL

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

New proposal in tin pact talks

BY OUR COMMODITIES STAFF

THE INTERNATIONAL Tin Council meeting in London was adjourned again yesterday to give members time to evaluate another new proposal aimed at holstering buffer stock price support measures under the International Tin Agreement.

Earlier in the talks Mr Peter Lai, the Tin Council chairman, proposed that producers should cut exports during the period to the end of June by 4,500 tonnes to 41,000. Under the new proposal they would contribute the 4,500 tonnes instead to the buffer stock.

Both plans also include allowing the buffer stock manager to secure loans to boost his buying power from 27,500 tonnes to 42,000 tonnes.

The main opponents of export controls are believed to be Britain, West Germany, the U.S. and the Communist bloc.

The talks will resume today when producing countries, led by Bolivia and Malaysia, can be expected to resume their strong pressure for an agreement. Delegates reported yesterday that consumers were beginning to show more flexibility. The U.S. remained opposed to export controls, they said, but would probably agree to buffer stock borrowing provided this did not benefit the influential group which has been supporting prices in recent months.

On the London Metal Exchange, meanwhile, buying believed to be on behalf of the ITA buffer stock softened the impact of selling pressure encouraged by a fall of 18 Malaysian cents in the Straits tin price overnight. Nevertheless cash metal ended £66 down at £6,960 a tonne.

● Chile's state-owned copper mine, El Teniente, has asked 3,000 workers to resign and offered them special compensation, a union spokesman said, reports Reuter from Rancagua.

El Teniente is the world's largest underground copper mine and employs about 10,000 people. Union leader Mr Guillermo Medina said the management had offered miners 45 days' salary for each year worked instead of the obligatory 30 days' salary if they retired early.

The state copper corporation (Codelco) which runs El Teniente, announced several months ago that it would reduce its labour force to save costs.

Mr Medina said union leaders were trying to contact Codelco officials to discuss the offer.

Codelco's earnings dropped sharply last year following a fall in the price of copper on world markets.

In 1981 El Teniente mine produced 291,000 tonnes of copper, an increase of 25,900 tonnes over the previous year.

U.S. TRADING

Battle of the exchange giants

BY NANCY DUNNE IN WASHINGTON

NEW YORK'S failure to wrest supremacy over financial futures from the Chicago Exchanges has almost obscured an older contest: the long-time rivalry between the world's biggest exchange, the Chicago Board of Trade (CBT) and the second place Chicago Mercantile Exchange (CME).

Both exchanges have boomed spectacularly, more than eightfold in the last decade, and both have had their own coups. It was the "Merc" which led the way with financial futures, launching currencies, and the Chicago Board which nine years ago founded the Chicago Board Options Exchange to trade stock options.

On the face of it, the Board of Trade seems to be easily retaining its lead. It last year traded 49m contracts, achieving more than twice the volume of the CME. The Merc, on the other hand, last year listed 23 traded contracts to the CBT's 17 and came out on top in several recent encounters.

In spite of the head start given by the Commodity Futures Trading Commission (CFTC), which gave first the New York Futures Exchange (NYFE) and then the CBT approval to trade 90-day domestic certificate of deposit contracts the later Merc CD contract caught up with and then zoomed past its competitors. In January the CME traded 127,931 CD contracts, leading the CBT with 22,175 and NYFE with a mere 69.

Both Chicago exchanges have received permission to list Eurodollar contracts. The Merc in January traded a somewhat disappointing 11,070, but the Board of Trade has yet to even begin trading Eurodollars because, say its managers, no space has yet been found for a pit on the trading floor.

The controversial new stock index contracts are likely to be the weapons when the two giants next do battle. Much is expected of these new instruments, which the exchanges hope will draw in securities hedgers. They, themselves, are hedging on the chance that interest rates will one day stabilise, market demand for interest rate futures will then subside, and a new fluctuating instrument will be needed to take up the resulting slack.

In this competition the Board of Trade seems to be lagging behind. It originally submitted to the CFTC a complex proposal to trade on 11 new indices, but this was apparently snuffed by the CFTC-Securities Exchange Commission jurisdictional agreement which concluded that stock index contracts must be on broadly based, popularly accepted indices.

The Kansas City Board of Trade last week began trading on the value line index of 1,700 stocks, which it substituted when Dow Jones objected to having its index used. The Merc is expecting CFTC approval soon on its plan to trade futures based on Standard and Poor's 500-stock index.

Scurrying about for its own stock market index, the CBT officials hit on the New York Stock Exchange index, and to get it they began negotiating a deal for an electronic linkage with the unsuccessful NYFE, an offshoot of the New York Stock Exchange.

However, last week the Chicago Board's governing body reportedly adopted a proposal, approved by its legal staff, to submit a contract which would "mirror" the Dow Jones, to be called by another name. Should this proposal go forward, the entire Chicago Board rescue of NYFE could be dead. It was an unpopular plan among the traders who agreed to it only to get the NYSE index.

On another front—marketing, advertising and promotion—the Board of Trade has been lagging behind its younger competitor.

"The CBT is just getting around to understanding the importance of marketing," says Mr Lee Rese, publisher of Futures Industry Newsletter. "It has essentially been split into two factions. The old guard which is content with the *status quo* and a younger group of more aggressive individuals who believe that the Merc has grown in areas that should have been the province of the CBT."

The Merc, he says, is "creeping" on the Board of Trade with innovative ideas and new contracts attracting business and floor traders.

Both exchanges have been undergoing organisational changes in preparation for expansion of contracts and the options programme, expected to begin in the summer.

The Merc, once again ahead of its rival, has its plan in place. It has approved a new division, the Index and Options Market (IOM) with 200 seats it is selling at $60,000 each. Each of the 500 full exchange members and the 650 members of the International Monetary Market Division, where financials and gold are traded, will receive full trading privileges on the IOM and the right to buy one of the new seats for $30,000. Under the plan, the CME's Associated Mercantile Market Division will be eliminated, and timber will be moved to the new division.

A controversial CBT expansion plan must still be approved by its membership, who fear it will dilute the value of their seats. If it is passed, each futures contract will be grouped in one of four markets. The Agricultural Associated Market (AAM), the Government Instrument Market (GIMO), Index, Debt and Equity Market (IDEM) and Commodity Options Market (COM). Members and associate members will receive fractional "membership interests" which they can trade among themselves. Once these interests are accumulated as whole seats, they can be sold to new members.

The rivalries in the commodity trading world are many. It is speculators against hedgers, floor people against brokers, the U.S. against the London markets. All of which brings into question the future of the new Bermuda Electronic Exchange, Intex, scheduled to open on June 17. Its organisers now have five committees hard at work on systems design, contracts, membership, regulations and clearinghouse relations, and the exchange reportedly has much support among brokers who want to see a market operate without the interference of floortraders.

Meanwhile the CBT has opened its new trading floor, part of an impressive $108m addition to its headquarters. So far, it has been plagued by telephone and acoustical problems with the traders complaining that the noise is so loud they cannot hear each other. Some have had to dull the roar by wearing ear phones, using hand signals exclusively.

Sometimes it is hard to be number one.

EEC begins farm price bargaining

BY LARRY KLINGER IN BRUSSELS

THE ANNUAL negotiations to fix guaranteed prices for the European Community's 8.7m farmers resume in Brussels today, with the Ten's Agriculture Ministers under great pressure to reach a quick agreement, but faced with obstacles that could make success impossible.

Their aim will be to put together a package that could then be smartly tidied-up and quickly ratified if the directly linked problem of Britain's EEC budget contributions is resolved when the Community's Foreign Ministers meet in Luxembourg on Saturday.

Britain is prepared to block any final farm agreement if no new arrangements are approved on limiting its net budgetary payments, and the French Government which is under great political pressure to bring home a new price regime within the next few days, can be expected to reject any budget package if no acceptable price-fixing is in immediate prospect.

Indeed, President Mitterrand's declaration at the European summit meeting in Monday of his opposition to the latest budget compromise proposals can be seen as directed more at spurring the farm talks rather than posing any absolute threat to the foreign ministers' discussions.

But, given the difficulties still facing them, the Agriculture Ministers are likely to seek an "85 per cent solution" by Friday night or early Saturday in the hope that the outstanding issues then could be quickly agreed at a further meeting next week.

Ministers are also aware that failure could pose serious dangers for an EEC in which co-operation between member-states has recently been at a very low ebb. West Germany, significantly, seems prepared to press for an almost constant series of Councils of Ministers to reach agreement if this week's meetings are not successful.

France, which already faces EEC legal action over proposed national aids for its agriculture industry, has warned that it might feel forced to pay price rises on a national basis if the farm ministers cannot agree.

This would not only put further strains on relations with countries strongly opposed to extra national aids, such as West Germany and Britain, but could anger smaller countries such as Ireland and Greece, which would be under pressure to introduce similar measures but probably could not afford to do so.

Meanwhile, the European Commission is now expected to put forward compromise price proposals either tomorrow evening or Friday morning after canvassing the opinion of each member-state after today's initial discussions. These can be expected to include an increase on the Commission's current proposals for a standard 9 per cent rise for many commodities, with possibly a reduced rise in the dairy sector.

There is an increasing body of opinion in favour of supporting the conventional wisdom that the eventual price award will be around 11 per cent. This, it is argued, could not only satisfy the French, who could add an extra 1.8 per cent by a devaluation of its "green franc," but could win the support of Britain whose zeal for a lower increase would be tempered if a parallel deal on limiting its budget payments was in prospect.

There remain, however, several thorny issues in these highly complex negotiations that on their own contain the potential to scupper this week's talks if the current mood to compromise evaporates.

West Germany and Britain will remain strongly reluctant to agree readily to hefty price rises unless their farmers will benefit relatively equally to those in other countries.

The agro monetary area poses special problems. Because of recent currency fluctuations and realignments in the European Monetary System, the Community's "green" money rates are widely divergent.

Not only are West Germany and Britain the only net contributors to the EEC budget, they are being asked to revalue their "green" currencies by 4.5 and 4 per cent respectively, which would mean a corresponding cut in any price rise for their farmers.

There is also a suspicion that France may be preparing to devalue the real franc which in turn could mean a further price rise through another "green" rate adjustment.

France argues with some force that the two issues are irreconcilably separate. EEC farm policy should be decided on its own merits.

Several countries are already in position for substantial devaluations of their "green" rates to give their farmers bigger increases. Belgium plans an 8.5 per cent devaluation.

Selling hits cocoa values

By Our Commodities Staff

COCOA VALUES on the London futures market closed at new nine-month lows yesterday in spite of a modest rally in late trading. After slipping to £977 a tonne at one stage the May position ended £24 down on the day at £986.50 a tonne.

Dealers attributed the fall to mixed trade and speculative selling influenced by talk of Nigerian producer sales and a report by London merchants Gill and Duffus which they described as "less than constructive." The report holds out little hope of International Cocoa Organisation buffer stock buying doing much to relieve the depression of the market.

Meanwhile the ICCO said in London that the UN Common Fund will have to establish a "businesslike relationship" with international commodity organisations since its resources have ben cut to $400m from the $6bn originally envisaged.

Mr Kwesi Hackman, the ICCO executive director, recently returned from Geneva where he addressed a prepartory meeting of the UN Committee on Trade and Development (Unctad) on the fund's rules, said such a relationship will be essential for establishing credibility with financial institutions from which it will obtain lines of credit on behalf of the organisations.

Unctad plans to hold another preparatory meeting for the fund later this year, with a further meeting sometime in 1983, according to delegates.

E. Germany denies disease connection

COPENHAGEN — The East German Embassy denied yesterday that a recent outbreak of foot and mouth in Denmark could be traced to East Germany's Baltic coast region where several cases of the disease have been reported.

An embassy statement also denied allegations that East Germany violated international agreements by not reporting the outbreak soon enough to international disease control authorities.

Danish veterinary authorities have said they believe the first of nine outbreaks of the infectious disease on the Danish island of Funen was caused by a wind-borne virus that blew across the Baltic Sea from East Germany.

The Paris-based International Agency for Epidemic Animal Diseases said East Germany first informed it about a March 15 foot and mouth outbreak on March 18, the same day Danish veterinarians diagnosed the disease on Funen.

An international agreement requires countries to report outbreaks to the Paris office within 24 hours of their being confirmed.

Denmark's Minister of Agriculture, Bjorn Westh, said Danish veterinarians might have been able to halt spread of the disease on Funen if Denmark had known sooner about the outbreaks in East Germany.

Northern East Germany, which is about 200 km (120 miles) southeast of Funen, was the only European area known to have foot and mouth disease immediately before the outbreak in Denmark.

Danish veterinarians and police had to shoot and bury nine infected herds of high quality pigs and cattle — about 3,000 head — in eastern Funen between March 18 and 24, when the last outbreak was confirmed.

Spanish cotton output may fall

WASHINGTON — Spain's cotton output in 1982-83 is expected to decline to 280,000 bales (of 220 kilos each) from the bumper crop in 1981-82 (estimated 292,000 bales), according to the U.S. agricultural officer in Madrid.

Cotton acreage in 1982-83 is expected to decline by 10 per cent, due to expansion of wheat, sorghum and maize sowings.

Cotton imports for 1982-83 were forecast at 150,000 bales, unchanged from the 1981-82 estimate.—Reuter

BRITISH COMMODITY MARKETS

BASE METALS

TIN PRICES LOST GROUND on the London Metal Exchange. Three months fell to around £7,170 by the early afternoon depressed by the further decline in Penang which prompted general selling. However, this selling was met by buying, rumoured to have been on behalf of the Buffer Stock manager, which encouraged a rally to £7,240 by the close of the late Kerb. Other metals moved narrowly with Copper finally £859.5, Lead £338.5, Zinc £430.5, Aluminium £567.25 and Nickel £3,092.5.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
HighGrade				
Cash	830-1	+.5	839-.5	+2.5
3 mths	858.5-9	+1.5	860-.5	+3
Settlem't	831	+.5	—	......
Cathodes				
Cash	828-9	+1.75	830-1	+4
3 months	854-5	+1.25	856.5-7	......
Settlem't	895	+2	—	......
U.S. Prod.	—	—	*74-78	......

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £830.50, three months £803.50, three months £860.00, 59.00, 58.50, 59.00. Kerb: Higher Grade, three months £858.50, 58.00. Afternoon: Higher Grade, cash £833.00, 32.50, three months £859.00, 59.50, 59.00, 60.50, 61.00, 60.50, 60.00. Kerb: Higher Grade, three months £860.00, 59.50, 59.00. Turnover: 14,825 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	327-.5	—3	328.5-9	—.5
3 months	338-.5	—5.5	339.5-40	.....
Settlem't	327.5	—5	—	.....
U.S. Spot	—	.....	*27-32	.....

Lead—Morning: Cash £327.00, three months £339.00, 38.50, 38.00, 38.50. Kerb: Three months £338.00, 37.50, 38.00. Afternoon: Cash £328.00, three months £338.00, 38.50, 38.00, 39.00, 39.50. Kerb: Three months £338.50, 39.00. Turnover: 13,950 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6975-80	—35	6955-65	—66
3 months	7200-10	—17.5	7190-205	—46
Settlem't	6980	—35	—	......
Standard				
Cash	6975-80	—35	6955-65	—66
3 months	7200-10	—17.5	7170-80	—47.5
Settlem't	6980	—35	—	......
Straits E.	$29.68	—0.18	—	......
NewYork	—	......	—	

Tin—Morning: Standard, cash £6,975, three months £7,180, 7,200, 05, 7,200. Kerb: Standard: Three months £7,190, 80. Afternoon: Standard, three months £7,190, 70. Kerb: Standard, three months £7,170, 65, 75, 80, 90, 7,200, 10, 20, 40. Turnover: 3,240 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	423-4	+2.25	425-6	+3
3 months	429-.5	+2.5	430-.5	+2.75
S'ment	424	+2.5	—	......
Primw'ts	—	......	*38.75-40.7	......

Zinc—Morning: Cash £424.00, three months £430.00, 29.50, 29.00. Afternoon: Three months £429.00, 29.50, 29.75, 30.00, 30.50. Kerb: Three months £429.50, 30.00, 30.50, 30.00, 29.00. Turnover: 8,575 tonnes.

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	545-.6	—4.5	546.5-6	—5.0
3 months	566.5-7	—6.6	566.5-7	—6

Aluminium—Morning: Cash £545.00, three months £568.00, 67.50, 67.00, 66.50, 66.00, 66.50. Kerb: Three months £566.50. Afternoon: Cash £545.00, three months £567.00, 66.50. Kerb: Three months £567.00, 67.50, 67.00. Turnover: 7,350 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	3078-5	+7.5	3070-5	+7.5
3 months	3090-5	—.5	3090-5	—5

Nickel — Morning: Three months £3,105, 3,100, 3,095, 90, 85, 90. Kerb: Three months £3,090. Afternoon: Three months £3,090. Kerb: Three months £3,100, 3,095, 90. Turnover: 906 tonnes.

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

SILVER

Silver was fixed 4.45p an ounce higher for spot delivery in the London bullion market yesterday at 397.25p. U.S. cent equivalents of the fixing levels were: spot 708.3c, up 7.3c; three-month 735.4c, up 8.3c; six-month 759.4c, up 6.7c; and 12-month 815.9c, up 9.4c. The metal opened at 398-400p (810-715c) and closed 397-401p (709-714c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	397.95p	+4.45	395.75p	+2.75
3 months	410.60p	+4.55	408.25p	+2.5
6 months	421.40p	+5.55	—	......
12months	449.80p	+5.10	—	......

LME—Turnover: 88 (112) lots of 10,000 ozs. Morning: Three months 410.6, 10.5, 10.1, 10.5, 11.6, 11.1, 11.3, 11.5. Kerb: Three months 411.5, 12.0, 11.5. Afternoon: three months 412.0, 10.6. Kerb: three months 409.0.

COCOA

Renewed trade and commission house selling depressed futures before jobber shortcovering at the close pared losses. Actuals business reflected modest interest from the industry but producers remained withdrawn, reports Gill and Duffus.

COCOA	Yest'rday's Close	+ or —	Business Done
March	985-86	—28.0	985-65
May	983-87	—24.0	1000-977
July	1017-18	—23.6	1029-08
Sept	1045-46	—24.0	1059-38
Dec	1080-81	—23.0	1095-77
March	1110-19	—25.5	1150-07
May	1125-34	—30.0	1146-24

Sales: 3,769 (2,012) lots of 100 tonnes.

ICCO—Daily price fob March 29: 80.72 (81.25). Indicator price for March 30: 82.48 (83.26).

COFFEE

Despite a slightly easier opening heavy short-covering during an active afternoon lifted prices through recent chart points, reports Drexel Burnham Lambert. The advance continued as buy stops were triggered.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
March	1409-11	+42.95	1415-585
May	1217-18	+34.0	1220-179
July	1180-85	+26.0	1190-45
Sept	1162-63	+18.5	1170-35
Nov	1155-59	+16.5	1163-35
January	1135-65	+21.6	—
March	1140-60	+17.6	—

Sales: 5,495 (3,931) lots of 5 tonnes.

ICO Indicator prices for March 29: (U.S. cents per pound): Comp. daily 1979 120.17 (121.15); 15-day average 127.65 (128.77).

WOOL FUTURES

LONDON NEW ZEALAND CROSS-BREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. May 382, 388, 385-383; Aug 402, 407, 403; Oct 405, 408, 405; Dec 405, 409, nil; Jan 408, 411, 408; Mar 416, 418, 418-416; May 420, 428, 427-422; Aug 436, 440, 437-436. Sales: 39.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. May 536.6, 540.0, 536.0-533.6; July 530.0, 530.4, 530.5-528.5; Oct 518.5, 519.0, 519.5-518.5; Dec 521.5, 522.0, 522.0-521.0; Mar 528.5, 529.6, 530.1-528.5; May 532.0, 535.0, untraded; July 539.5, 543.6, 540.0-538.0. Sales: 335.

GAS OIL FUTURES

A sharply lower opening resulted from the weak New York close and the easier physical market. Prices then rallied in thin conditions and the rise was consolidated as the physical market steadied. Prices eased from the highs on the close, reports Premier Man.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
March	263.50	+0.50	263.00
April	265.00	—5.00	265.50-55.58
May	250.75	—2.25	252.50-47.25
June	250.50	—5.50	251.00-47.25
July	249.50	—5.00	250.25-49.05
August	253.50	—1.55	254.00-51.55
Sept.	255.50	—1.75	255.50-53.50
Oct.	258.75	+0.50	—
Nov.	261.50	+1.25	—

Turnover: 2,398 lots of 100 tonnes.

GRAINS

Old crop wheat opened 15p higher, the rest unchanged. All months saw commercial buying but some profit-taking eased the market, Acli reports.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yest'rd'ys close	+ or —
May	118.10	+0.20	110.00	+0.40
July	118.40	+0.20	—	
Sept.	107.00	—	105.00	+0.15
Nov.	110.65	—	106.65	+0.25
Jan.	114.60	—	110.85	+0.25

Business done—Wheat: May 116.20-116.05, July 119.50-119.40, Sept 107.15-107.00, Nov 110.80-110.65, Jan 114.85-114.90. Sales: 159 lots of 100 tonnes. Barley: May 110.00-109.65, Sept. 103.10-102.95, Nov 106.75-106.55, Jan 110.80-110.60. Sales: 146 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No 1 14 per cent April/May 15 115.50, May 115.00, June 114.75 sellers East Coast. English Feed fob April 117.50, June 121.50 sellers East Coast. Maize: French first half April 133.50 transhipment East Coast sellers. S African White/Yellow April/May 79.00 seller. Barley: English Feed fob April 113, May 114, June 115 sellers East Coast. Rest unquoted.

HGCA—Locational ex-farm spot prices. Other milling wheat: S. East 15.20. Feed barley: S. East 108.60, S. West 107.00, N. West 109.00. The UK Monetary Coefficient for the week beginning Monday April 5 (based on HGCA calculations using live days exchange rates) is expected to remain unchanged.

RUBBER

The London physical market opened slightly steadier, attracted little interest through the day and closed easier. Lewis and Peat recorded an April fob price for No 1 RSS in Kuala Lumpur of 225.0 (223.0) cents a kg and SMR 20 181.0 (183.0).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
May	55.70-57.00	55.40-56.00	—
June	54.70-56.80	55.40-57.20	—
Jly-Sept	58.50-58.60	58.40-58.50	59.40-58.40
Oct-Dec	59.15-58.20	59.10-59.20	59.50-58.15
Jan-Mar	60.60-61.70	60.60-60.70	—
Apl-Jne	62.50-63.00	62.50-62.90	63.50-62.70
Jly-Sept	64.40-64.70	64.50-64.70	64.70
Oct-Dec	66.15-66.40	66.10-66.40	—
J'n-Mch	67.70-67.80	67.80-67.90	67.80

Sales: 27 (440) lots of 15 tonnes, nil (2) lots of 5 tonnes.

Physical closing prices (buyers) were: Spot 55.00p (54.50p); May 53.50p (same); June 54.25p (same).

SOYABEAN MEAL

The market opened with small gains in featureless trading, reports T. G. Roddick. Prices continued steady with firmness in nearby cash markets.

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
April	131.50-35.5	+1.85	136.00
June	131.60-32.0	+0.50	131.50-31.00
August	131.80-32.0	+0.90	131.55
October	132.50-33.2	+1.05	132.50
Dec	135.40-35.7	+1.05	135.40-35.15
Feb	137.20-37.8	+1.80	—
April	138.50-38.5	+0.80	—

Sales: 88 (99) lots of 10 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £150.00 (£148.00) a tonne cif March-April-May shipment. White sugar daily price £167.00 (£163.00).

The market opened higher and prices rose further but at the close the trend reversed, reports C. Czarnikow.

No. 4 Contract	Yesterday close	Previous close	Business done
	£ per tonne		
May	157.00-57.10	154.65-54.95	158.25-54.80
Aug	159.80-56.95	158.35-58.40	161.15-57.50
Oct	164.60-64.75	163.35-63.35	166.50-63.25
Jan	168.00-68.50	165.50-65.40	—
March	173.50-73.55	173.10-73.25	174.50-72.75
May	176.00-76.50	175.65-75.80	—
Aug	179.55-79.75	176.50-79.80	—

Sales: 4,358 (3,582) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £374.00 (same) a tonne fob for home trade and £259.00 (£254.50) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for March 29: Daily price 10.71 (10.72); 15-day average 11.06 (11.10).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 250 tonnes. Further interest was displayed in numerous styles, and operations were mentioned in Middle Eastern growths, as well as South American qualities.

POTATOES

LONDON POTATO FUTURES—Follow-through selling moved April down to £125, but fresh buying prior to the PMB announcement of end of February stocks erased most of the losses. Traders read PMB figures as bullish, and the market closed steady, reports Coley and Harper. Closing prices: April 129.00, +2.20 (high 125.00, low 129.00); Nov 67.00, +0.90 (high 67.60, low 66.50); Feb 77.50, +1.20 (high 77.50, low 77.10). Turnover: 710 (818) lots of 40 tonnes.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 84.5 to 88.2; Ulster hindquarters 97.7 to 100.2; forequarters 62.3 to 66.1; Eire hindquarters 98.0 to 101.6, forequarters 61.0 to 65.0. Veal: Dutch hinds and ends 124.6 to 129.0. Lamb: English small 86.7 to 96.0, medium 89.0 to 94.0, heavy 84.6 to 88.0; Scotch heavy 84.0 to 88.0; Imported—New Zealand PL 66.6 to 67.0, PM 66.0 to 67.6, YLs 64.0 to 65.5. Pork: English, under 100 lb 43.5 to 55.0, 100-120 lb 45.0 to 55.0, 120-160 lb 43.1 to 51.8.

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 102.75p per kg lw (+0.69). UK—Sheep 221.04p per kg est dcw (+1.77). GB—Pigs 78.30 per kg lw (—1.65).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Oranges—Spania: Navels 42/130 4.80-5.50; Cyprus: Valencia Lates 3.80-4.50; Jaffa: Shamouti: 50 5.50, 60 5.70, 75 5.80, 88 5.60, 105 5.45, 123 5.20, 144 5.20, 168 5.15; Moroccan: Valencia Lates 48/113 3.60-5.00. Temples—Jaffa: 4.50-6.00. Mandarins—Spania: 4.00-4.80. Lemons—Cyprus: 2.80-3.20; Spania: 40/50 1.40-1.80; Jaffa: 106 4.80; U.S.: 6.00; Outspan: 100 5.00. Grapefruit—U.S.: Texas Ruby 5.50-7.00, Florida Ruby 7.50-8.50; Cyprus: Large cartons 2.90-4.00, small cartons 2.80-3.20; Jaffa: 27 4.35, 32 4.55, 36 4.65, 40 4.75, 48 4.95, 56 4.60, 64 4.30, 75 4.00, 88 3.75; Moroccan: 40/64 2.00-2.50. Ugli Fruit—Jamaican: 14/58 7.00-12.00. Ortaniques—Jamaican: 64/126 8.50-9.00. Apples—French: Golden Delicious 20-lb 3.40-4.30, 40-lb 8.00-8.20; Chilean: Granny Smith 11.00-12.00; Canadian:

English Produce: Potatoes—Per 55-lb, White 3.00-3.80, Red 3.40-4.00, King Edwards 3.50-4.50. Mushrooms—Per pound, open 0.50-0.60, closed 0.60-0.80. Apples—Per pound, Bramley 0.20-0.30, Cox's 0.25-0.40. Pears—Per pound Conference 0.15-0.24. Cabbages—Per 30-lb bag, Celtic/Jan King 2.50-3.50. Savoys—Per 30-lb 2.50-3.00. Lettuce—Per 12, round 1.20-1.50. Onions—Per 55-lb 40/80mm 2.00-3.00. Carrots—Per 28/28-lb 1.50-2.20. Beetroots—Per 28-lb, round 1.00-1.20, long 1.20. Swedes—Per net 0.90-1.20. Rhubarb—Per pound, outdoor 0.10-0.12, indoor 0.15-0.17. Leeks—Per 10-lb 1.20-1.50. Parsnips—Per 26/28-lb 1.00-1.40. Turnips—Per 26/28-lb 1.00-1.40. Cucumbers—Per package 2.40-4.00. Greens—Per 30-lb Kent 3.50-4.50. Tomatoes—Per pound O/E 0.45-0.50. Cauliflowers—Per 15/24 Kent 4.00-4.80.

*

GRIMSBY FISH—Supply moderate, demand good. Prices at ship's side (unprocessed) per stone: shell cod £3.40-£3.70, codlings £2.80-£3.70; large haddock £3.40-£5.80, medium £3.60-£4.80, small £2.00-£3.20; large plaice £2.80-£3.50, medium £2.80-£3.50, best small £3.00-£4.80; lemon soles (large) £11.00, (medium) £9.50; rockfish £2.60-£3.10; saithe £1.80-£3.60.

PRICE CHANGES

In tonnes unless otherwise stated.

	Mar. 30 1982	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$985/1015	-5	$1550/580
Copper			
Cash h grade	£859.25	+9.5	£852
3 mths	£860.25	+3	£881.75
Cash Cathode	£830.5	+4	£851
3 mths	£856.75	+5	£872.25
Gold troy oz	$325.75	+6.75	$366.5
Lead Cash	£328.75	—0.5	£333.5
3 mths	£338.75	......	£342.25
Nickel	£3824	......	£3834
Free mkt	250/280c	......	260/290c
Platin'm tr oz'y	£260	......	£266
Freemkt	£174.16	+5.5	£185.60
Quicksilvert	$385/395	......	$380/400
Silver troy oz	397.25p	+4.45	454.95p
3 mths	410.05p	+4.55	449.20p
Tin Cash	£6966	—66	£7090
3 mths	£7175.5	—67.5	£7365
Tungsten22.01b	$124.86	......	$136.00
Wolfrm 22.4lbs	$108/112	......	$120/12
Zinc Cash	£425.5	+3	£425.76
3 mths	£430.25	+2.75	£437.375
Producers	$860/900	......	$875/850
Oils			
Coconut (Phil)	$495y	+16	$507.50
Groundnut	$665y	......	$670
Linseed Crude	‡	......	£430
Palm Malayan	$507.5x	......	$505
Seeds			
Copra Phllip	$555y	......	$337.6
Soyabean (U.S.)	$264v	......	$269.26
Grains			
BarleyFut. Sep	£103.00	+0.15	£110.65
Maize	£135.5y	......	£133
Wheat Fut.July	£110.40	+0.20	£114.75
No.2HardWint	‡	......	£116.75
Other commodities			
Cocoa ship't*	£997	—24	£1171
Future May	£986.5	—24	£1155.5
Coffee Ft' May	£1217.5	+34	£1297.5
Cotton A.Index	70.75c	+0.85	69.80c
Gas Oil Apr.	$262	+2	$253
Rubber (kilo)	56p	+0.2	46.5p
Sugar (Raw)	£150zx	+4	£162
Woolt'ps 64s kl.	555p kilo	......	388pkilo

‡ Unquoted. v April. z March-April. x May. y April-May. u May-June. † Per 76 lb flask. * Ghana cocoa. e Nominal. § Seller.

AMERICAN MARKETS

Monday's closing prices

NEW YORK, March 29.

Late short covering rallied gold to the highs while silver was able to finish with a net gain. Heating oil was higher on Opec threats to multinationals that their supply lines could be severed unless they support the crude oil market through current buying. Cocoa was under pressure due to fears of further producer selling. Producer offering and lack of trade buying moved coffee sharply lower. Sugar was moderately higher on reports of damage to the Philippine crop which triggered short covering, reported Heinold.

††Cocoa—May 1636 (1657), July 1679 (1702), Sept 1732, Dec 1789, March 1848. Sales: 2,204.

Coffee—"C" Contract: May 125.80-126.00 (127.28), July 121.00-121.20 (122.38), Sept 119.50, Dec 117.00, March 115.00-115.75, May 110.00-115.00. Sales: 1,630.

Copper—April 66.20 (66.45), May 67.10-67.20 (67.40), July 69.00-69.05, Sept 70.75, Dec 73.35-73.40, Jan 74.16, March 75.70, May 77.35, July 78.95, Sept 80.55, Dec 83.00, Jan 83.75. Sales: 7,000.

Cotton—No. 2: May 66.20-66.25 (65.65), July 68.20-68.26 (67.63), Oct 70.09, Dec 71.79-71.80, March 73.40, May 74.50-74.80, July 75.45-76.00. Sales: 3,500.

*Gold—April 322.7-323.8 (322.2), May 326.8 (325.7), June 329.8-331.0, Aug 337.5-339.0, Oct 346.0-347.0, Dec 353.0-354.0, Feb 363.0, April 370.8, June 380.5, Aug 388.7, Oct 397.7, Dec 406.7. Sales: 53,000.

Orange Juice—May 112.20-112.40 (109.75), July 115.16 (112.95), Sept 117.90, Nov 120.00-120.25, Jan 122.20, March 123.95, May 125.70-125.95, July 127.35-127.65. Sales: 1,200.

*Platinum—April 303.0-316.0 (307.2), July 313.5-321.6 (315.2), Oct 321.5-332.0. Sales: 3,240.

Potatoes (round whites) — April 78.8-76.9 (76.5), Nov 77.3-77.5 (77.7), March 88.9-89.6. Sales: 262.

¶Silver—April 708.5 (704.6), May 717.0-719.0 (713.0), July 735.0-737.5, Sept 755.0, Dec 779.7, Jan 788.5, March 806.4, May 824.0, July 841.6, Sept 859.2, Dec 885.4, Jan 894.3. Handy and Harman bullion spot: 697.00 (706.50). Sales: 7,000.

Sugar — No 11: May 11.02-11.06 (10.86), July 11.24-11.26 (11.16), Sept 11.50, Oct 11.70, Jan 11.92, March 12.50, May 12.70-12.75, July 12.75-12.90. Sales: 9,270.

Tin—583.00-590.00 (586.00-595.00).

CHICAGO, March 29.

Lard—Chicago loose 20.75 (20.50).

Chicago Imm Gold—June 330.5-331.0 (329.1), Sept 342.7 (340.3), Dec 354.0, March 366.1, June 378.5, Sept 391.2.

Live Cattle—April 68.30-68.20 (68.37), June 66.60-66.55 (66.45), Aug 63.75-63.65, Oct 62.30-62.16, Dec 62.60-62.50, Feb 62.40-62.47, April 62.85.

Live Hogs—April 50.80-50.90 (51.65), June 55.50-55.65 (56.07), July 56.85-56.90, Aug 56.00-55.87, Oct 54.35-54.60, Dec 54.90-55.00, Feb 53.00, June 50.95.

‡‡Maize—May 274¼-273¾ (272), July 283¾-284 (281), Sept 288-288¼, Dec 293¾-293¼, March 307¼, May 315¾.

Pork Bellies—May 76.80-76.70 (77.30), July 76.70-76.90 (77.67), Aug 74.65, Feb 71.70-72.00, March 72.25, May 73.00, July 74.10.

†Soyabeans—May 633½-634½ (631¼), July 641-642½ (637½), Aug 645½, Sept 645½-646, Nov 650½-649½, Jan 662½-663, March 677½, May 689¼.

‖Soyabean Meal — May 183.1-183.4 (183.6), July 185.8-185.8 (185.8), Aug 187.8-187.8, Sept 188.5-189.0, Oct 189.0-189.5, Dec 192.0, Jan 194.0.

Soyabean Oil — May 18.92-18.94 (18.77), July 19.46-19.47 (19.27), Aug 19.07-19.70, Sept 19.80-19.85, Oct 20.05, Dec 20.30, Jan 20.55, March 20.75-20.85.

†Wheat—May 364½-365½ (361), July 373-373¾ (368¾), Sept 386¾, Dec 406¾, March 417¾.

WINNIPEG, March 29.

§Barley—March 121.00 (121.20), May 123.00 (122.90), July 124.20, Oct 126.00, Dec 128.20.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 224.44 (222.34).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lb). § $Can. per metric ton. §§ $ per 1,000 sq ft. ‡ Cents per dozen. †† $ per metric ton.

EUROPEAN MARKETS

ROTTERDAM, March 30.

Wheat — (U.S. $ per tonne): U.S. No. 2 Dark Hard Winter, 13.5 per cent: April 203, April 1-20 203. U.S. No. 2 Red Winter: April 160.50. U.S. No. 3 Amber Durum: April 183.50, May 183.50, June 183.50, July 184.50, Aug 186.50, Sept 188, Oct 190, Nov 193. U.S. No. 2 Northern Spring, 14 per cent: April 190, May 187, June 185.50, July 185.50, Aug 185.50, Sept 185.50, Oct 190.50, Nov 192. Canadian Western Red Spring: April-May 203.

Maize—(U.S. $ per tonne): U.S. No. 3, Yellow: Afloat 133.50, March 133, April 131, May 130, June 130.75, July/Sept 131, Oct/Dec 132, Jan/March 138 sellers.

Soyabeans—(U.S. $ per tonne): U.S. No. 2 Yellow, Gulfports: April 257, May 257.25, June 258, July 259, Aug 260, Sept 260.25, Oct 256.75, Nov 256.75, Dec 261, Jan 266, Feb 270, March 273, sellers.

Soyameal — (U.S. $ per tonne), 44 per cent protein: Afloat 242.50-243.50, 244 traded, arrived 245, March 233, April 225.50, May 224, April/Sept 226, Nov/March 238 sellers. Brazil Pellets: Afloat 244, April and May 236, April/Sept 235.50 sellers. Argentine Pellets: Afloat 239, May 231, June/Aug 230.50, May/Oct 232, Sept/Oct 234.50 sellers.

PARIS, March 30.

Cocoa—(FFr per 100 kilos): March 1085 asked, May 1092-1096, July 1130-1145, Sept 1175-1195, Dec 1222-1230, March 1270-1285, May 1295-1325. Sales at call: Nil.

Sugar—(FFr per tonne): May 1860-1865, July 1868-1882, Aug 1895-1898, Oct 1870-1875, Nov 1870-1875, Dec 1885-1890, March 1990-1995, May 2030-2045. Sales at call: Nil.

INDICES

FINANCIAL TIMES

Mar. 29	Mar. 26	Month ago	Year ago
244.68	243.38	240.94	260.09

(Base: July 1, 1952=100).

MOODY'S

Mar. 29	Mar. 26	Month ago	Year ago
985.2	990.7	988.3	1133.1

(December 31, 1931=100)

DOW JONES

Dow Jones	Mar. 29	Mar. 26	Month ago	Year ago
Spot	125.30	125.39	122.65	417.30
Futr's	128.33	127.97	125.63	422.23

(Base: Dec 31 1974=100)

REUTERS

Mar. 30	Mar. 29	M'nth ago	Year ago
1606.3	1588.8	1593.6	1685.2

(Base: September 18, 1931=100)

Gilt-edged close a shade harder after early dullness
Equities brighter with index rallying over 7 points

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Mar 15	Mar 25	Mar 26	Apr 5
Mar 29	Apr 15	Apr 16	Apr 26
Apr 19	Apr 28	Apr 29	May 10

* "New time" dealings may take place from 9.30 am two business days earlier.

Stock markets took on a firmer appearance yesterday following Wall Street's overnight improvement, but rises in broker loan rates on that centre led to a cautious start in British Funds.

The Funds were soon trading around ¼ to ⅜ below Monday's closing list levels, thoughts that the loan rate increases might be a precursor to higher prime lending rates overshadowing optimism expressed by the Governor of the Bank of England, Mr Gordon Richardson, about UK and world interest rates and the EEC leaders' call for reduced interest rates and exchange rate volatility.

Sterling's steadier performance yesterday helped to turn the tide, however, and quotations of long-dated gilts rallied to unchanged or even a shade better. Short-dated issues ended with widespread gains of ⅛ or ¼, with low-coupon stocks showing gains to ½. After the previous four-day loss of 1.32, the Government Securities index picked up 0.07 to 68.30.

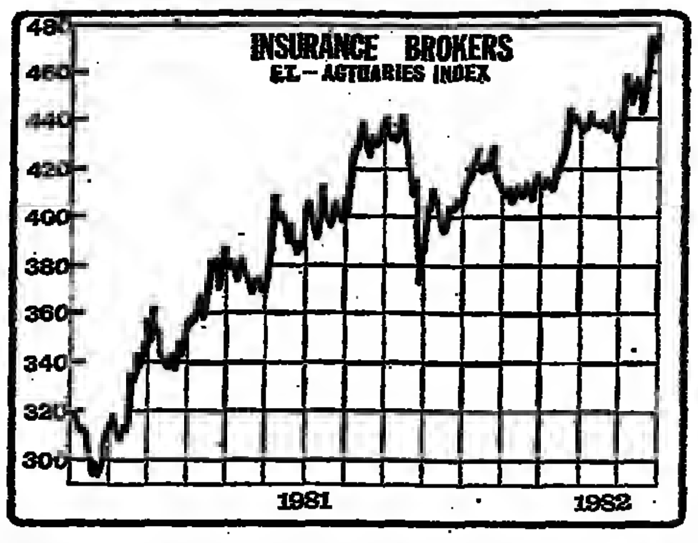
Leading equities made a brighter showing than of late. "Bed and breakfast" deals again figured largely in a small trade, but the tone held steady in the face of early losses in gilts and at 10.00 am the FT 30-share index had regained Monday's fall. The index then advanced steadily to close at the day's best with a rally of 7.2 to 562.3.

Electricals led the market higher and Courtaulds stood out among the index constituents with a rise of 4 to 88p on recovery hopes.

Recent doubts about recovery situations were countered to an extent by good results yesterday from Reckitt and Colman and British Aerospace although poor statements produced their quota of dull features. Interest again centred on isolated stocks, with the early dealings highlighted by a dawn raid for a near-15 per cent of book printer Richard Clay being quickly followed by a rival buyer; Clay shares eventually topped both offer prices.

FNFC firm

Further speculative buying on continuing bid hopes helped First National Finance Corporation to improve 2 more in active trading to 40p. The major clearing banks moved higher but the volume of business was small. Barclays rose 8 to 458p on the annual report, while Lloyds closed 6 dearer at 438p. Standard Chartered touched 665p before finishing a net 8 up at 663p in response to the satisfactory results and proposed 50 per cent scrip-issue. Reflecting the recent downward drift of gilts, Discount Houses lost ground; Union relinquished 10 to 445p, Gillett Bros. 8 to 137p. Among merchant banks, Kleinwort Benson gained 4 to 236p following the preliminary figures.



Still drawing strength from the recent good results, Willis Faber advanced 10 more to 452p, after 455p, among Lloyds Brokers. Elsewhere, Legal and General put on 4 to 232p awaiting today's preliminary statement, while Prudential rallied 5 at 239p. Composites were featured by a fall of 7 to 373p in Eagle Star following profit-taking in the wake of the previous day's Press-inspired improvement.

Amersham became a fairly lively market and put on 6 to a peak of 209p.

In Breweries, Allied-Lyons firmed 2 to 85p, while gains of 3 were seen in Whitbread, 104p, and Grand Metropolitan, 214p. Cider concerns remained to the fore and Merrydown Wine jumped 5 more to 72p amid vague rumours that a bid is in the offing from major competitors H. P. Bulmer, 10 dearer at 393p; both parties later denied any knowledge of any takeover initiative.

Leading Buildings were featureless, but selected secondary issues made progress. Renewed demand ahead of the preliminary results, due on April 6, lifted Higgs and Hill 4 to 159p, while Bryant Holdings, half-timer due on April 5, added 3 to 105p. Feb International attracted support, the ordinary rising 6 to 104p and the "A" 4 to 88p. Elsewhere, Nottingham Brick, a restricted market, added another 5 to 150p, while Rohan Group, standing around 18 higher awaiting the preliminary results, finished a net 13 up at 190p following the announcement. Against the trend, Burnett and Hallamshire gave up 30 to 760p.

Chemicals featured Fisons, which put on 20 to 307p on revived bid hopes. ICI touched 314p before reverting to the overnight level of 312p. Yorkshire Chemical, after the previous day's gain of 6 on recovery hopes and the decision to pay a dividend, shed 2 to 42p. Wolstenholme Rink added 5 to 125p in response to the preliminary results, while Bayer improved 2½ points to £31½.

VDS active

Leading Stores attracted institutional support and closed with useful gains across the board. UDS were particularly active and touched a 1982 peak of 79p before settling for a net gain of 2 at 77p; the preliminary results are expected early in May. A squeeze on bear positions lifted Burton 5 more to 184p. Bambers gave up 3 more to 49p, after 47p, following the sharp setback in full-year earnings, but Executex Clothes spurted 3 to 10p on speculative support. Mail-orders were mixed; Freemans eased 2 to 138p on further consideration of the annual figures, but Grattan, annual results tomorrow, firmed that much to 110p.

News that Plessey and GEC have each been awarded £20m orders from British Telecom for the Monarch PABX, a small, advanced electronic office switchboard prompted firmness in both; the former closed 6 better at 377p, after 378p, while the latter finished 8 dearer at 818p, after 820p. Other Electrical majors also made progress with Thorn EMI 8 up at 423p and Racal a couple of pence higher at 372p. Elsewhere, Automated Security attracted buyers and closed 21 higher at 226p, while Emess Lighting, on the satisfactory results, hardened a few pence to 125p. Security Centres put on 7 to 167p, while Chloride, at 28p, retrieved the previous day's fall of 3 which followed news that the company had lost British Leyland's battery contract to Lucas Industries. Dreamland cheapened 2 to 18p, after 17p, on the £0.25m annual deficit and final dividend omission. Louis Newmark were adjusted 8 lower to 220p.

GKN stood out among the quietly firm Engineering leaders with a rise of 6 to 158p. Elsewhere, Spirax-Sarco added a similar amount to 138p in response to the better-than-expected results and Babcock International, at 97p, retrieved 6 of the previous day's Press-inspired fall of 7 ahead of today's preliminary results. APV firmed 3 to 268p on satisfactory annual figures and Johnson Firth Brown rallied a penny to 14p. Disappointing full-year earnings prompted a fall of 4 to 96p in Desoutter Bros. Ransomes Sims and Jefferies gave up 8 to 200p, Simon 5 to 368p and Davy Corporation 4 to 140p.

Leading Foods attracted selective support; Northern rose 6 to 164p and Cadbury Schweppes a couple of pence to 103p, the latter on overseas earnings considerations. British Sugar rose 10 to 450p.

Cape Inds. slump

Down 7 the previous day on adverse comment, Cape Industries plummeted 33 to 130p, after 120p, following the 62 per cent decline in annual profits and the halved final dividend. British Aerospace, on the other hand, advanced 13 to 193p following preliminary profits while Reckitt and Colman reflected annual figures with a gain of 6 to 294p, after 300p. Booker McConnell also drew strength from favourable trading news and rose 4 to 70p, after 71p. Gomme advanced 6 to 34p on an investment recommendation. Barget rose 15 late to 155p on the £6m contract deal with Volvo International Development Corporation, while Inter-City Investments rebounded 6 to 61p following a resurgence of speculative buying on revived bid hopes. In the leaders, Beecham gained 5 to 233p as did Unilever, to 615p.

Press comment sparked speculative interest in Trident Television, which put on 7 to 97p, after 98p; the decision on the company's applications for gaming licences for two West End casinos is expected in May.

Selected Motor and Aircraft component manufacturers came in for useful late support. Lucas rallied 4 to 198p, while Dowty rose 8 to 126p. Dunlop were again briskly traded on recovery hopes and touched 78p before settling for a penny gain at 77p. Jonas Woodhead ended 4 higher at 36p. In contrast, Distributors usually trended lower; Lex Service gave up 4 more to 109p, while Henlys eased a similar amount to 102p.

Paper/Printings provided an outstanding bright spot in publishers Richard Clay which spurted to 65p following a dawn raid at that price from Robert Maxwell's British Printing and Communication, unchanged at 36p. In the event, the raid was hampered by a rival buyer offering 66p per share and British Printing managed to acquire only 5.87 per cent of the equity. Awaiting further developments, Richard Clay finished 19 higher on balance at 68p.

Leading Properties responded to modest support, Land Securities, 291p, and MEPC, 224p, adding 4 apiece. Among secondary issues, Federated Land touched 148p before closing a net 3 dearer at 147p following a statement from M. P. Kent about the bid situation; the latter shed 3 to 64p. C. H. Beazer softened a couple of pence to 153p on the proposed £2.9m rights issue with the interim results.

Shell attracted a reasonable level of support and put on 10 to 376p, but British Petroleum, after touching 290p, settled 4 dearer on balance at 288p. Outside of the leaders, Lasmo met revived demand and put on 17 to 307p, while Ultramar gained 10 to 385p and Tricentrol 4 to 198p. Sovereign also found support and rose 25 to 285p, while Clyde, on persisting rumours that Lasmo might bid for the company, gained 13 to 108p.

Textiles featured Courtaulds which revived with a gain of 4 to 88p on recovery hopes.

Golds move ahead

South African Golds made progress for the first time in four trading days, boosted by the $6.75 rise in the bullion price to $325.75 an ounce and the renewed firmness of the Financial Rand.

The sharemarket opened on a firm note, faltered around midday on light profit-taking but subsequently regained upward momentum aided by U.S. support. The Gold Mines index rose 10.4 to 246.8.

Among the heavyweights, rises of around ½ were common to Randfontein, £22½, Driefontein, £11, Kloof, £11⅞ and Western Deep, £13½, while the medium- and lower-priced issues showed Libanon 43 up at 688p, Unisel 35 firmer at 427p and Leslie 9 better at 87p.

South African Financials mirrored the strength of Golds. "Amgold" were a feature and gained £1¾ to £32 ahead of the annual report and chairman's statement.

In London Financials, Charter were unsettled by the poor results and dividend cut from the 67 per cent-owned Cape Industries and closed a net 2 cheaper at 220p, having touched 225p in early trading.

A quiet day in Australians was enlivened by a good two-way trade in Meekatharra, which advanced to 132p before settling 12 up at 130p on news that Brint Investments, 23 per cent-owned by Burnett and Hallamshire, has acquired a 4.65 per cent stake in Meekatharra at 112p a share.

Activity in Traded Options improved slightly and 1,401 deals were completed, comprising 942 calls and 459 puts. Calls were dominated by Courtaulds which recorded 489 trades. Put business was mainly confined to oil issues with Shell Transport and British Petroleum attracting 201 and 106 deals respectively.

FINANCIAL TIMES STOCK INDICES

	Mar. 30	Mar. 20	Mar. 26	Mar. 26	Mar. 24	Mar. 25	A year ago
Government Secs	68.30	68.23	68.60	68.01	69.15	69.55	68.84
Fixed Interest	68.38	69.39	68.59	69.56	69.59	68.56	71.46
Industrial Ord.	562.6	355.1	537.7	550.9	568.6	364.3	928.1
Gold Mines	246.8	236.4	837.4	240.7	254.8	254.6	341.0
Ord. Div. Yield	5.61	6.67	5.63	5.61	5.58	3.57	6.21
Earnings, Yld. %(full)	11.19	11.31	11.25	10.73	10.68	10.65	18.40
P/E Ratio (net) (*)	11.24	11.12	11.19	11.88	11.91	11.95	10.12
Total bargains	26,039	21,013	22,902	23,047	19,896	24,020	32,065
Equity turnover £m.	—	119.10	153.86	141.33	202.16	180.79	164.43
Equity bargains	—	19,337	19,122	20,162	20,606	21,248	30,599

10 am 558.0. 11 am 558.8. Noon 559.9. 1 pm 560.6. 2 pm 560.7. 3 pm 560.4.

Basis 100 Govt. Secs. 16/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil=10.25.

HIGHS AND LOWS

	1982 High	1982 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	69.55 (25/5)	61.89 (5/1)	127.4 (9/1/35)	49.18 (6/1/75)
Fixed Int.	98.69 (25/5)	52.79 (7/1)	150/4 (28/11/47)	50.53 (6/1/75)
Ind. Ord.	579.8 (29/1)	516.1 (6/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	302.0 (6/1)	209.2 (9/5)	558.9 (22/9/80)	43/5 (26/10/71)

S.E. ACTIVITY

	Mar. 29	Mar. 26
—Daily Gilt Edged Bargains	177.5	175.0
Equities Bargains	118.8	123.9
Value	240.7	311.0
5-day Avrge. Gilt-Edged Bargains	195.7	204.1
Equities Bargains	128.9	126.7
Value	322.3	315.2

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	48	3	47
Corpns. Dom. and Foreign Bonds	1	5	69
Industrials	257	185	902
Financial & Props.	105	51	358
Oils	33	25	49
Plantations	3	1	19
Mines	67	27	66
Others	49	44	50
Totals	558	341	1,560

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. Date	1982 High	1982 Low	Stock	Closing price p	+ or −	Div. p. or amount	Times covered	Gross yield	P.E. ratio
142	F.P.	25/3	209	186	Amersham	209	+6	b5.5	2.4	2.4	18.9
15	F.P.	16/4	25	18	Cambrian & Gen. 7½p	25	—	—	—	—	—
$102	F.P.	—	135	128	Dew (George)	130	−5	g5.7	4.0	6.3	5.8
80	F.P.	—	370	315	*Eldridge Pope £1	358	−2	9.5	2.9	3.7	11.4
—	F.P.	—	25	21	Fleet Holdings 20p	23	−½	—	—	—	—
—	F.P.	—	38	27	Greenfriar Warrants	38	+1	—	—	—	—
$99	F.P.	5/3	93	89	*Imm. Bus. Sys. 10p	92	—	—	—	—	—
$120	F.P.	7/5	134	127	Leisure Inds.	132	−2	b5.0	2.8	5.4	9.3
‖	F.P.	—	55	47	*Malaysian Tin 5p	50	—	—	—	—	11.8
$130	F.P.	16/4	170	157	*Oceonics 10p	163	−2	bd1.6	4.7	1.5	17.4
‖	F.P.	—	30	30	Osprey Assets	30	—	F1.4	—	6.7	—
¶¶	F.P.	—	42	30½	P. H. Industrials	39½	—	b3.5	1.8	12.7	6.2
46	F.P.	10/2	63	47	*York Mount	63	−1	4.51	⊕	10.7	⊕
¶¶	F.P.	—	80	80	Zambia Cons Cpr 10K	80	—	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price £	+ or −
$100	£25	30/7	35¼	33¼	Barclays 16% Ln. Stk.	33⅛	−⅛
100	F.P.	14/4	116	111	Boddingtons Brew 6½% Cnv. Ln. 2000.05	112	−1
¶100	£10	24/6	10½	10½	Bristol Water 9% Pref.	10½	—
100	F.P.	22/5	106	98	Hunting Pet. 10% Cnv. Ln. 1997	98	−1
99.532	£30	—	29½	29⅛	Int. Bank 14% Ln. 1987	29¼	+⅛
¶99	£10	29/4	11½	10½	Lee Valley 6½% Red. Prf. 1980	11⅛	—
$100	F.P.	—	100¾	100	Nationwide Bdg. Soc. 14¼% (14/3/83)	100	—
$100	F.P.	—	100	100	Do. 14¼% (14/4/83)	100	—
**	F.P.	16/4	102½p	100p	Ropners 11½% Cum. Prf.	102½p	—
98.53	£20	20/5	25½	19¾	Trans-Canad Pipelines 19½% Notes 2007	24½	−½

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price p	+ or −
70	F.P.	16/3 10/4	105	76	*Clyde Petroleum	105	+12
40	F.P.	8/3 23/4	48	40	*Energy Finance 10p	40	—
30	F.P.	29/3 10/5	57	50	First Castle 10p	54	—
160	F.P.	22/3 29/4	188	164	Hunting Pet. Services	184	—
A$2.25	Nil	—	96pm	18pm	M.I.M.	17pm	−3
6	Nil	—	1½pm	1½pm	Platignum 5p	1½pm	—
98	Nil	—	8pm	6pm	Riley Leisure	6pm	−1
74	Nil	8/4 6/5	27½pm	24pm	St. George's Grp. 10p	25pm	−1
110	F.P.	23/3 23/4	167	134	Security Centres	167	+7
11	Nil	6/4 27/4	4pm	3½pm	Shaw & Marvin 10p	4pm	+½
10	F.P.	24/3 23/4	12½	11	Sturla 10p	11½	−½

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. ⊕ Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. * With warrants. †† Dealings under special Rule. * Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under Rule 163(2)(a). ‡‡ Unit comprising five ordinary and three Cap shares.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Automated Sec.	226	+21	Fisons	307	+20
Booker McConnell	70	+ 4	Inter-City	61	+ 5
Brit. Aerospace	193	+13	Meekatharra	130	+12
Courtaulds	88	+ 4	Reckitt and Colman	294	+ 6
Dunlop	77	+ 1	Shell Transport	376	+10
FNFC	40	+ 2	UDS	77	+ 2

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in S.E. Official List

Stock	No. of price changes	Monday's closing price pence	Day's change	Stock	No. of price changes	Monday's closing price pence	Day's change
Low and Bonar	16	130	−51	Glynwed	10	117	+ 3
BP	13	284xd	− 4	GUS A	10	505	—
GEC	12	810	+ 3	P'son Longman	10	322	+ 7
Metal Box	11	148	−12	Babcock Int.	9	91	− 7
Shell Transport	11	366xd	—	Rl. Bk. of Scot.	9	109	—
Boots	10	223	+ 4	Royal Ins.	9	353xd	− 4½
De Beers Defd.	10	213xd	+ 1½	Thorn EMI	9	415	− 5

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Mar 22	April 2	July 1	July 12
April 5	April 26	July 15	July 26
April 26	May 7	July 29	Aug 9

For rate indications see end of Share Information Service

Money was given for the call in First National Finance, Turner & Newall, Trident TV A, Bremar Trust, Sterling Credit, Chloride, Bemrose, Berwick Timpo, M.Y. Dart, John Folkes Hefo, Brooke Bond, Dares Estates, Inter-City and Courtaulds. Puts were arranged in Laganvale, Bremar Trust, Sound Diffusion and Tozer Kemsley and Millbourn, while doubles were taken out in First National Finance and BP.

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NEW HIGHS AND LOWS FOR 1981/2

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1982.

NEW HIGHS (85)

BRITISH FUNDS (1)
Treas. 8½pc 1982
AMERICANS (5)
[illegible]

NEW LOWS (65)

[illegible]

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tue March 30 1982 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon Mar 29 Index No.	Fri Mar 26 Index No.	Thurs Mar 25 Index No.	Wed Mar 24 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (210)	366.73	+0.8	9.77	4.33	12.77	363.94	366.12	368.45	371.62	338.13
2	Building Materials (25)	329.64	+0.1	13.37	5.22	8.98	329.40	330.66	332.75	335.46	303.95
3	Contracting, Construction (28)	605.80	−0.2	14.46	4.76	8.19	607.31	610.06	614.54	618.53	578.79
4	Electricals (31)	1271.26	+1.0	7.35	2.33	17.39	1258.90	1265.09	1273.00	1286.12	1076.09
5	Engineering Contractors (9)	492.51	−0.2	13.11	5.96	8.89	493.41	498.57	501.63	501.32	431.52
6	Mechanical Engineering (67)	191.88	+1.6	11.14	5.77	11.36	188.79	189.39	190.61	191.26	205.18
8	Metals and Metal Forming (12)	159.95	+1.1	10.18	7.66	12.69	158.21	161.08	162.57	164.07	154.46
9	Motors (21)	95.98	+0.3	2.61	6.93	—	95.70	96.24	96.11	96.46	96.97
10	Other Industrial Materials (17)	371.23	+0.5	9.82	5.68	12.32	369.21	373.54	376.15	382.07	352.86
21	CONSUMER GROUP (199)	299.37	+1.0	12.29	5.59	9.98	296.55	296.40	297.95	299.60	264.67
22	Brewers and Distillers (21)	303.89	+1.3	15.56	6.42	7.75	299.88	299.23	298.80	298.71	289.09
25	Food Manufacturing (21)	274.10	+1.0	15.52	6.61	7.75	271.51	271.72	273.60	276.65	247.02
26	Food Retailing (15)	605.79	+0.6	8.92	3.32	13.67	602.11	603.70	607.20	614.28	535.29
27	Health and Household Products (8)	388.65	+1.6	8.09	4.10	14.51	382.50	383.70	387.01	390.18	280.79
29	Leisure (24)	442.87	+1.0	10.04	6.11	12.33	438.52	440.85	444.61	446.98	398.31
32	Newspapers, Publishing (12)	523.16	+0.3	10.85	5.98	12.33	521.37	525.77	527.10	522.30	484.70
33	Packaging and Paper (13)	145.79	−0.2	13.74	7.42	8.71	146.01	147.37	148.32	149.13	137.57
34	Stores (45)	279.36	+0.8	10.18	4.80	13.15	277.12	275.59	276.63	277.61	266.35
35	Textiles (23)	175.32	+1.4	9.66	5.71	13.35	172.83	172.72	173.64	174.81	148.32
36	Tobaccos (3)	305.93	+0.4	20.02	8.52	5.69	304.65	303.16	306.32	307.82	218.59
39	Other Consumer (14)	294.90	+1.0	8.22	5.75	—	291.83	294.06	293.39	298.89	271.94
41	OTHER GROUPS (78)	254.88	+0.6	13.22	6.18	9.11	253.32	253.91	256.31	258.15	220.48
42	Chemicals (16)	330.42	+0.5	13.50	6.99	8.85	328.80	329.33	334.47	337.23	258.52
44	Office Equipment (4)	127.20	+0.9	12.65	6.76	9.62	126.15	125.24	127.28	129.27	117.19
45	Shipping and Transport (13)	578.02	+0.5	18.98	6.39	6.24	575.08	578.08	580.08	574.15	612.42
46	Miscellaneous (45)	325.27	+0.7	11.37	5.82	10.77	322.95	324.16	325.45	328.59	286.41
49	INDUSTRIAL GROUP (487)	316.71	+0.8	11.49	5.28	10.70	314.08	314.79	316.75	318.93	283.55
51	Oils (13)	676.22	+2.1	18.47	8.56	6.32	662.22	692.64	682.47	679.80	796.36
59	500 SHARE INDEX	346.04	+1.0	12.58	5.72	9.66	342.49	345.58	346.57	348.37	324.46
61	FINANCIAL GROUP (117)	257.78	+0.6	—	6.28	—	256.31	257.98	258.99	261.65	253.84
62	Banks (6)	274.76	+0.8	38.89	7.78	2.83	272.62	274.23	275.89	279.51	234.54
63	Discount Houses (9)	232.06	−2.0	—	9.34	—	236.98	236.90	236.33	239.89	305.34
65	Insurance (Life) (9)	260.69	+0.9	—	6.46	—	258.47	259.55	259.20	262.86	264.21
66	Insurance (Composite) (10)	163.06	−0.2	—	8.36	—	163.34	166.81	167.33	168.93	163.80
67	Insurance Brokers (7)	476.51	+1.3	11.07	5.23	12.34	470.35	468.85	469.14	475.96	352.99
68	Merchant Banks (12)	149.28	+0.8	—	5.32	—	148.04	145.63	145.83	145.84	158.82
69	Property (49)	457.00	+0.7	4.73	3.26	28.20	453.86	455.92	459.00	462.66	508.98
70	Other Financial (15)	180.69	+0.8	15.86	6.84	7.76	179.34	179.26	179.64	181.94	172.44
71	Investment Trusts (112)	296.47	+0.3	—	5.43	—	295.53	295.84	295.60	297.34	298.81
81	Mining Finance (4)	204.30	+0.5	16.58	6.96	7.32	203.33	204.68	207.85	209.72	235.23
91	Overseas Traders (17)	381.88	+0.3	13.71	8.34	8.90	380.61	381.64	383.51	386.48	445.94
99	ALL-SHARE INDEX (750)	323.31	+0.9	—	5.85	—	320.46	323.00	324.02	326.84	309.73

FIXED INTEREST

	PRICE INDICES	Tue Mar 30	Day's change %	Mon Mar 29	xd adj. today	xd adj. 1982 to date
	British Government					
1	5 years	110.71	+0.21	110.47	—	2.89
2	5-15 years	109.92	+0.09	109.82	—	3.43
3	Over 15 years	114.26	+0.05	114.21	—	3.04
4	Irredeemables	120.81	−0.05	120.87	—	1.62
5	All Stocks	111.30	+0.11	111.17	—	3.11
6	Debentures & Loans	87.44	−0.01	87.45	—	3.51
7	Preference	64.72	−0.19	64.84	—	2.52

	AVERAGE GROSS REDEMPTION YIELDS	Tue Mar 30	Mon Mar 29	Year ago (approx.)
	British Government			
1	Low Coupons 5 years	11.91	11.90	11.46
2	15 years	12.86	12.84	12.81
3	25 years	12.69	12.67	12.88
4	Medium Coupons 5 years	14.05	14.11	13.12
5	15 years	13.88	13.88	13.90
6	25 years	13.41	13.41	13.78
7	High Coupons 5 years	14.02	14.06	13.11
8	15 years	14.00	14.00	13.70
9	25 years	13.58	13.60	13.31
10	Irredeemables †	12.38	12.37	11.51
11	Debs & Loans 5 years	14.82	14.82	14.11
12	15 years	14.71	14.71	14.38
13	25 years	14.65	14.65	14.35
14	Preference †	15.19	15.16	14.37

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

هكذا من الأصل

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Assicurazioni GENERALI S.p.A.

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London & Manchester Gp.

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Dreyfus Intercontinental Inv. Fd.

Duncan Lawrie Inv. Mgt. Ltd.

Emson & Dudley Tst. Mgt. Jrsy. Ltd.

The English Association

Eurobond Holdings N.V.

S.G. Europe Obligations S.A.

Eurotax Investments Ltd.

F & C Mgmt. Ltd. Inv. Advisers

Fidelity International

Fleming Japan Fund S.A.

Frankfurt Trust Investment—GmbH

Free World Fund Ltd.

G. T. Management (U.K.) Ltd.

Gartmore Invest. Ltd. Ldn. Agts.

Assicurazioni GENERALI S.p.A.

Granville Management Limited

Guinness Mahon Fd. Mgrs. (Guernsey)

Hambro Pacific Fund Mgmt. Ltd.

Hambros Fd. Mgrs. (C.I.) Ltd.

Henderson Admin. (Guernsey) Ltd.

Henderson Baring Group

Henderson Management (Guernsey) Ltd.

Hill-Samuel & Co. (Guernsey) Ltd.

Hill Samuel Investment Mgmt. Intl.

I.C. Trust Managers Ltd.

IGF Management Services Inc.

N.V. Interbeheer

International Bond Trust

International Pacific Inv. Mgmt. Ltd.

Investment Advisors, Inc.

Invicta Investment Management

Jardine Fleming & Co. Ltd.

Kleinwort Benson Group

Korea International Trust

The Korea Trust

Lazard Brothers & Co. (Jersey) Ltd.

Lloyds Bk. (C.I.) U/T Mgrs.

Lloyds Bank International, Geneva

Lloyds Bank International, Guernsey

Louis Dreyfus Commodity Fund

M & G Group

Management International Ltd.

Midland Bank Tst. Corp. (Jersey) Ltd.

Samuel Montagu Ldn. Agents

Morrell, Gilo Cou. Shrs. Fd. Inc.

Murray, Johnstone (Inv. Adviser)

Nat. Westminster Jersey Fd. Mgrs. Ltd.

Negit S.A.

N.E.L. International Ltd.

Northgate Unit Tst. Mngrs. (Jersey)

Pacific Basin Fund

Phoenix International

Providence Capital Life Ass. Co. Ltd.

Quest Fund Man. (Jersey) Ltd.

Quilter/Hoiwold Commodities

RBC Investment Managers Limited

Ramirez Managers Ltd.

Richmond Life Ass. Ltd.

Rothschild Asset Management (C.I.)

Save & Prosper International

Schroder Life Group

Schroder Mngt. Services (Jersey) Ltd.

J. Henry Schroder Wagg & Co. Ltd.

Schroder Unit Trust Mgrs. Int. Ltd.

Schlesinger Kemp-Gee Mngmt., Jersey

Sentry Assurance International Ltd.

Signal Life Assurance Co. Ltd.

Singer & Friedlander Ldn. Agents.

Strategic Metal Trust Mngrs. Ltd.

Stronghold Management Limited

Swinvest (Jersey) Ltd.

TSB Trust Funds (C.I.)

Tokyo Pacific Holdings N.V.

Tokyo Pacific Hldgs. (Seaboard) N.V.

Tyndall Group

M. G. Tyrrell & Co. (Jersey) Ltd.

Union Invest. Mgt. Co. S.A. Lux.

Union-Investment-Gesellschaft mbH

V.C.A. Financial Management Ltd.

Vanbrugh Fund Mngmt. Intl. Ltd.

S. G. Warburg & Co. Ltd.

Warburg Invest. Mngt. Jrsy. Ltd.

Wardley Investment Services Ltd.

World Wide Growth Management

Wren Commodity Management Ltd.

NOTES

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked & Variable Rate

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

1982 High	Low	Stock	Price £	+ or -	Int.	Red. Yield
83½	74¾	Do. 7½pc '83-86	83	......	9.28	13.60
150	136	S. Rhod. 2½pc Non-Ass.	150	......	—	—
66	58	Do. 3½pc 80-85 Assd.	64	......	5.44	17.60
41	32	Do. 4½pc 87-92 Assd.	40xd	......	10.80	17.40
372	318	Zimbabwe Ann (£100pd)	335xd	-5	—	21.94

LOANS

Public Board and Ind.

1982 High	Low	Stock	Price £	+ or -	Int.	Red. Yield
66	57¾	Agric. Mt. 5pc '59-89	62	......	8.22	13.69
233	24¾	Met. Wtr. 3pc 'B'	28¼xd	......	10.61	12.94
106	103	U.S.M.C. 9pc 1982	106	......	8.58	—
99½	94	Do. without Warnts.	99½	......	9.30	—

LOANS—Continued

Financial

[illegible]

Building Societies

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

1982 High	Low	Stock	Price	+ or -	Div. Net	Cvr	Y'ld Gr's	P/E
338	210	ANZ $A1	215	—	028c	3.3	8.2	3.7
253	218	Alexanders D. £1	238	-6	18.5	—	12.1	—
£61	£56½	Algemene Fl.100	£58½	......	026%	♦	9.5	♦
100	80	Allied Irish	82	+2	043.9%	5.5	11.0	2.4
19¼	13¾	Ambacher (H.) 5p	16	......	00.35	—	3.8	—
260	200	Bk. Ireland £1	205	+5	028.9%	—	11.6	—
5	4	Bk. Leumi $0.1	5	......	‡012%	—	0.7	—
240	219	Bk. Leumi (UK) £1	220	......	610.15	—	6.6	—
180	153	Bk. N.S.W. $A1	157	......	024c	2.9	9.3	3.7
518	425	Bank Scotland £1	435	+7	†17.5	5.7	5.7	3.2
510	440	Barclays £1	458	+8	‡22.0	5.1	6.9	3.1
240	220	Brown Shipley £1	235	......	h6.5	—	4.0	—
325	275	Cater Allen £1	320	......	23.1	—	[illegible]	—

BANKS & H.P.—Cont.

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHERS

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

MINES—Continued

Central African

[illegible]

Australian

[illegible]

Tins

[illegible]

Copper

325	195	Messina R0.50	285		Q60c	5.2	15.6

Miscellaneous

40	20	Anglo-Dominion	20	......	—	—	—
16	13	Burma Mines 10p	16	+½	0.75	0.9	6.7
130	35	Colby Res. Corp.	60	......	—	—	—
292	210	Cons. Murch. 10c.	220	−20	Q60c	1.9	14.5
8	5½	††Explaura Gold	5½	......	—	—	—
105	70	Highwood Res.	75	......	—	—	—
255	165	Northgate C$1	195	......	—	—	—
468	412	R.T.Z.	413	+1	16.0	2.3	5.5
£108½	£93½	Do.9½%Cu.Ln.'95-2000	£97	+1½	Q9½%	—	(10.0
20	12	Sabion Inds. C$1	18	......	—	—	—
44	27	‡Southwest C. 10p	42	......	—	—	—
500	300	Tara Exptn. $1	315	−60	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- $ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ∥ No par value.
- ♥ Dividend cover in excess of 100 times.
- $$ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	42	......	IRISH		
Bertrams	17#	......	Conv. 9% '80/82	£95¾	......
Bdg'wtr. Est. 50p	410	......	Nat. 9¾% 84/89	£67⅞	......
Craig & Rose £1	£12¾	......	Fin. 13% 97/02	£69⅞	+⅛
Finlay Pkg. 5p	28	+1	Alliance Gas	57	......
Graig Ship. £1	£22	+1	Arnott	220	......
Higsons Brew	70	......	Carroll (P.J.)	71	......
Holt (Jos) 25p	565	......	Concrete Prods.	90	......
I.O.M. Stm. £1	128	......	Helton (Hldgs.)	21	......
Pearce (C. H.)	£12¾	......	Irish Ropes	36	......
Peel Hldgs.	135	......	Jacob	70	......
Sheff. Refrshmt	77	......	T.M.G.	8	......
Sindall (Wm.)	200	......	Unidare	41	......

OPTIONS

3-month Call Rates

Industrials		House of Fraser	15	Utd. Drapery	7
Allied-Lyons	8	I.C.I.	24	Vickers	16
BOC Intl.	15	"Imps"	8	Woolworths	5
B.S.R.	8½	I.C.L.	5½		
Babcock	10	Ladbroke	15	**Property**	
Barclays Bank	42	Legal & Gen.	19	Brit. Land	7½
Beecham	21	Lex Service	10	Cap. Counties	10
Blue Circle	48	Lloyds Bank	42	Land Secs.	28
Boots	19	"Lofs"	6½	MEPC	20
Bowaters	24	London Brick	7	Peachey	14
Brit. Aerospace	17	Lucas Inds.	20	Samuel Props.	11
B.A.T.	38	"Mams"	12	Town & City	3½
Brown (J.)	7	M'ks. & Spncr	12		
Burton Ord.	15	Midland Bank	30	**Oils**	
Cadburys	9	N.E.I.	9	Brit. Petroleum	26
Courtaulds	8	Nat. West. Bank	38	Burmah Oil	10
Debenhams	7	P & O Dfd.	14	Charterhall	6
Distillers	15	Plessey	32	KCA	14
Dunlop	6½	Racal Elect.	35	Premier	6
Eagle Star	31	R.H.M.	6½	Shell	30
F.N.F.C.	4	Rank Org. Ord.	20	Tricentrol	22
Gen. Accident	28	Reed Intnl.	26	Ultramar	38
Gen. Electric	65	Sears	6		
Glaxo	42	Tesco	5½	**Mines**	
Grand Met.	17	Thorn EMI	42		
G.U.S. 'A'	45	Trust Houses	11	Charter Cons.	25
Guardian	25	Tube Invest.	13	Cons. Gold	45
G.K.N.	15	Turner & Newall	11	Lonrho	7
Hawker Sidd	30	Unilever	55	Rio T. Zinc	42

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 38

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES

Wednesday March 31 1982

UK WILL USE FORCE IF NECESSARY TO DEFEND SOVEREIGNTY

Carrington firm on Falklands row

BY MARGARET VAN HATTEM, POLITICAL STAFF

BRITAIN WARNED Argentina yesterday that she had no intention of backing down in the dispute over South Georgia, the dependency south of the Falkland Islands, and would use force if necessary to defend British sovereignty.

The warning came in a statement to Parliament by Lord Carrington, the Foreign Secretary, who left the EEC Summit in Brussels early to address the Lords.

In an indication of the Government's increasing concern over the incident, which began as a comic-opera "invasion" by a group of Argentine scrap-metal merchants, Lord Carrington said the Argentine Government's intervention in the affair had created a potentially dangerous situation.

The scrap merchants, who entered British territory without official authorisation, were receiving the full protection of the Argentine Government, he said. He confirmed that Argentine warships were in the area, and said that the Royal Navy ship Endurance would remain on station "as long as is necessary."

In the Commons Mr Richard Luce, junior minister at the Foreign Office, assured MPs on both sides of the House that the Government would defend the islanders "to the best of its ability."

He refused to specify what further action was planned if diplomatic moves failed, but stressed that the situation "was under constant review."

He hinted that plans to scrap Endurance might be abandoned. Her future would be decided in the light of the general security review of the Falkland area.

The Prime Minister is understood to be receiving regular briefings on developments in the dispute. Despite yesterday's blunt warning delivered in Parliament, the Government appears optimistic that the dispute can be resolved through negotiation.

It was stated yesterday that the underlying dispute with the Argentine Government over the status of the Falklands was at a sensitive stage, after proposals by the Argentine Government in February on procedures for future negotiations.

The Government is still studying these proposals, and it is felt the Argentines would not wish to prejudice the outcome.

Although the scrap-metal merchants arrived in South Georgia in a naval transport vessel chartered from the Argentine authorities, and presumably with their knowledge, Britain appears prepared to accept that the Argentine Government did not initiate the venture.

The possibility of international agencies, such as the UN or the International Court of Justice, being asked to intervene in the dispute was not being ruled out yesterday.

Ray Dafter, Energy Editor, writes: One factor operating in the minds of the Foreign Office and the Argentine Government is the prospect of substantial oil discoveries in the South Atlantic, close to the Falklands.

Oil companies have described the area between Tierra del Fuego and the Falklands as particularly promising. It was in this region, near the Patagonian coast, that a consortium led by Shell last year made one of Argentina's most important offshore finds. Oil flowed at a rate of 2,000 barrels a day before the well was capped.

Parliament—Page 10

Iran claims heavy gains in Gulf war

By Our Foreign Staff

IRAN HAS scored a significant victory in its 18-month war with Iraq. A mixed force of Iranian troops and Revolutionary Guards have pushed the Iraqis back by up to 20 miles on one sector of the front, inflicting heavy casualties in a week of intensive fighting.

Iraq's military command in Baghdad admitted yesterday its Fourth Army had withdrawn from the front and would now reorganise its rear defences.

The Fourth Army is understood to have borne the brunt of the latest Iranian offensive in the area west of Dezful and Shush.

The Iranian successes are expected to be viewed with deep concern by exporters on the other side of the Gulf, especially Saudi Arabia and Kuwait. They have provided, with Qatar and the United Arab Emirates, abuot $22bn (£12.3bn) for the Iraqi war effort and have consistently warned Iran against attempting to export its Islamic revolution.

Heavy Iraqi losses would also increase pressure on its Arab supporters to become more directly involved in the war. King Hussein of Jordan is the only Arab leader to have sent a significant number of volunteers to fight with Iraq.

Western correspondents invited to the front by Iran this week reported seeing more than 70 Iraqi tanks and personnel carriers which had been knocked out. They were also shown some 2,200 Iraqi prisoners of war.

Iran claims to have killed 19,000 and to have taken 15,000

prisoners in the present offensive which began on March 21.

Iraq claims to be still in control of the battlefield, despite its withdrawal from one sector of the front. It claims to have killed more than 8,000 Iranians and to have inflicted heavy material damage since the war began.

The latest Iranian success, however, confirms the trend of the past four months in which it has recaptured parts of the territory lost to Iraq in the early weeks of the war.

Western military experts remain sceptical about Iran's ability to achieve real military dominance, but admit the latest offensive threatens to break the stalemate which has existed for most of the war.

Precast concrete industry considers cement imports

BY ANDREW TAYLOR

THE British Precast Concrete Federation and several cement importers are holding talks which could result in up to 1m tonnes of cement being imported annually into the UK.

Precast concrete manufacturers consume about 3m tonnes of cement a year and a number of manufacturers are concerned about the higher cost of cement in the UK compared with other European countries.

Talks have reached the stage where importers are seeking likely locations, probably on the east coast, for port and storage facilities. Imports would involve both bagged and bulk cement.

However, a number of factors have to be decided before the federation will decide to go ahead with any import scheme. Guarantees on quality and continuity of supply and confirmation of prices will be sought from continental suppliers.

The amount of cement imported into the UK is still small but has been increasing in the past 18 months. The threat of further imports was one factor behind the decision of British cement manufacturers to postpone planned cement price increases last year.

The ederation says a number of its members are already individually importing cement to supplement traditional supplies.

Previously it had been thought that the cost of establishing distribution networks and storage facilities would make any widespread importation of cement uneconomic, in spite of the attractiveness of prices in some European countries.

A study of the federation last autumn showed that while bulk cement prices in central London were then averaging £41.52 a tonne, it could be bought in parts of West Germany for as low as £18.91. The federation adds that it has been quoted prices of £24.50 a tonne in France and £27.28 a tonne in Spain.

While these prices may have reflected special situations, and there is concern about the quality of product, they reflect the kind of price differentials that can exist between British and other European cements. Following price increases in January the cost of cement is now about £47 a tonne in central London.

The decision to operate an industry-wide import scheme has not yet been finalised. Some federation members clearly hope that the threat of it will persuade British cement manufacturers to make price concessions.

The UK cement industry however says it is at a competitive disadvantage because of high energy subsidies which it claims are available to some of its Continental rivals. The industry clearly has problems and last year UK deliveries of cement fell to just over 12m tonnes, compared with 14m tonnes in 1980 and 16.7m tonnes in 1975.

Chase plans investment offshoot

BY ALAN FRIEDMAN AND WILLIAM HALL

CHASE MANHATTAN BANK has announced plans to establish a U.S. investment banking subsidiary, Chase Manhattan Capital Markets (Holdings), believed to be the first time a major U.S. bank has set up a specific unit to take advantage of the forthcoming changes in U.S. banking laws.

Under the banking reforms being discussed in Congress, commercial banks might be allowed to engage in merchant banking functions such as underwriting equity and corporate debt and brokerage activities.

Mr Willard Butcher, chairman of Chase Manhattan Bank, said in London yesterday: "We are a commercial bank which would like to be in the investment banking business."

He stressed that although the subsidiary will not engage in any new activities initially it would position Chase to respond to any legislative changes that may affect commercial banking and investment banking in the future.

The new subsidiary will be capitalised at $175m (£98.18m) putting it on a par with Bache Halsey Stuart Shields and Company, one of America's 10 biggest brokerage houses. For the time being it will encompass Chase world-wide merchant banking activities and the New York treasury and municipal securities dealing operations.

Mr Butcher yesterday called the new subsidiary a "vessel into which additional activities can be put" as and when the U.S. Congress eliminated the barriers between commercial and investment banks.

He described as "ludicrous" the inability of U.S. commercial banks to perform investment banking functions. "I have difficulty in understanding how it is legal for an investment bank to accept deposits and to allow you to write cheques on them and to pay you interest," he declared.

He had always regarded that as a commercial banking function and specifically alluded to the growth of non-bank institutions such as American Express/Shearson, Sears/Dean Witter.

Mr Butcher said he would like Chase to become involved in equity underwriting, municipal revenue bond underwriting, corporate debt underwriting and possibly money market mutual funds.

He said it was not Chase Manhattan's intent to "flail the law or the Congress. Rather the bank was attempting to exploit what is permitted under the law and to posture itself for future legislative change."

Last year Chase formed a unit known as the National Positioning Group to identify and evaluate emerging business opportunities and develop a cohesive strategy. The decision to establish CMCM is seen as one of the first fruits of this initiative.

Strike call at Heathrow

Continued from Page 1

it has already released 300 workers who applied for voluntary redundancy or early retirement.

Mr Todd said yesterday the action "could well bring the airport to a halt, but that is at the door of British Airways. We offered to go back to work on the status quo—working the old rosters—while the matter was discussed, but British Airways refused.

"The lack of support and the blacklegging has been deplorable, and some members of our own union have been involved."

Mr Todd was reported as saying that the union could not order people to strike, but that they were being urged to withdraw their labour.

This was greeted with surprise by BA, which pointed out that TGWU members had already been instructed not to cross picket lines or work with "blackleg" labour, and that many had defied this.

Yesterday's mass meeting heard a statement of support from 26 Labour MPs, including Mr Tony Benn. It was read out by Mr Leslie Huckfield, the Nuneaton MP.

The statement said the dispute affected every BA employee and, because the rundown of jobs under the survival plan was not confined to ramp staff, it would lead to further redundancies affecting all grades.

Duarte's position weakens

By Hugh O'Shaughnessy in Salvador

PRESIDENT Jose Napoleon Duarte's position as leader of the U.S.-backed Christian Democratic Party (PDC) in El Salvador weakened considerably yesterday amid expectations of an alliance between the country's five right-wing parties.

These parties look set to win an overall majority of the 60 seats in the constituent assembly after Sunday's election.

With many results still to come in, the Christian Democrats seem likely to win about 40 per cent of the vote and about 23 seats, the extreme right Nationalist Republican Alliance (Arena), led by Major Roberto D'Aubuisson about 30 per cent and 20 seats and the highly conservative Party of National Conciliation (PCN) 16 per cent and 13 seats.

The five right-wing parties yesterday invited the PDC to join in a national government but President Duarte's party's response is not yet clear.

In the event that the Christian Democrats joined in a government with parties well to its right, whose leaders were sharply hostile to the PDC during the election campaign, President Duarte's party would be in severe political difficulties.

Also if the party leaves government its position in the country would be equally difficult.

Feature, Page 22

Weather

UK TODAY

MOSTLY dry with some sunshine. A few showers at first in the extreme South-East, where it will remain cold. Temperatures elsewhere near normal.

England and Wales
Mainly dry with sunny intervals. Max. 11C (52F).

Channel Islands
Cloudy with scattered showers. Max. 8C (46F).

Scotland
Cloudy, mainly dry, sunny intervals. Max. 9C (48F).

Northern Ireland
Sunny periods, mainly dry. Max. 10C (50F).

Outlook: Mainly dry and warm. Outbreaks of rain in the South and West.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	16	61	L. Ang.†	F	10	50
Algiers	F	18	64	Luxmbg.	C	5	41
Amsdm.	C	7	45	Luxor		—	—
Athens	C	17	63	Madrid	C	11	52
Bahrain		—	—	Majorca	C	17	63
Barclna.	R	12	54	Malaga	R	17	63
Beirut	S	20	68	Malta	C	23	73
Belfast	C	9	48	M'chstr.	C	8	43
Belgrd.	C	12	54	Melbne.		—	—
Berlin	C	8	46	Mx. C.†		—	—
Biarritz	S	9	48	Miami†		—	—
Bmghm.	R	6	43	Milan	C	10	50
Blackpl.	C	8	48	Montrl.†	F	1	34
Bordx.	C	9	43	Moscow	C	5	41
Boulgn.	C	6	43	Munich	F	13	55
Bristol	R	8	43	Nairobi		—	—
Brussels	C	6	43	Naples	R	16	59
Budpst.	R	11	52	Nassau		—	—
Cairo		—	—	Nwcstl.	C	5	41
Cardiff	C	7	45	N York†		—	—
Cas'bl'ca	R	16	61	Nice	F	15	59
Cape T.		—	—	Nicosia		—	—
Chicg.†	R	11	52	Oporto	S	18	64
Cologne	C	5	41	Oslo	C	3	37
Cpnhgn.	S	6	43	Paris	C	7	45
Corfu	C	17	63	Perth		—	—
Denver†	F	2	36	Prague	F	11	52
Dublin	C	7	45	Reykjvk.	R	7	45
Dbrvnk.	R	11	52	Rhodes	F	17	63
Ednbgh.	C	8	46	Rio J'o†		—	—
Faro	R	16	61	Rome	C	15	59
Florence	R	13	55	Salzburg	C	12	54
Frankft.	C	8	46	S F'cisco†		—	—
Funchal	C	16	61	S. Moritz		—	—
Geneva	R	4	39	Singapr.		—	—
Gibraltar	C	16	61	S'tiago†		—	—
Glasgow	C	7	45	Stckhm.	S	8	43
G'nsey	C	7	45	Strasbg.	C	4	39
Helsinki	S	5	41	Sydney		—	—
H. Kong		—	—	Tangier		—	—
Innsbrk.	C	12	54	Tel Aviv	F	20	68
Invrnss.	C	8	46	Tenerife	S	21	70
I.o.Man	C	7	45	Tokyo		—	—
Istanbul	F	15	59	T'ronto†	C	-1	30
Jersey	C	7	45	Tunis	C	18	64
Jo'burg		—	—	Valencia	C	16	61
L. Plms.	F	22	72	Venice	R	11	52
Lisbon	R	12	54	Vienna	C	13	55
Locarno	R	9	48	Warsaw	S	13	55
London	C	9	48	Zurich	C	3	37

C—Cloudy. F—Fair. R—Rain. S—Sunny.
† Noon GMT temperatures.

UK moves to get Indian contracts

BY ALAIN CASS, ASIA EDITOR

BRITAIN WILL restore its cuts to the World Bank's soft-loan arm as well as its levels of aid to India as part of a complex package aimed at securing Indian export contracts worth up to £350m for British companies.

The unusual deal, agreed between Mrs Margaret Thatcher, the Prime Minister and Mrs Indira Ghandi, the Indian Premier, in London last week seems certain to secure for British engineering companies the exclusive right to negotiate for construction of the massive power station in Singrauli.

The Indian Government is understood to have agreed to drop its previous insistence on putting the Singrauli contract out to global tender. Instead, a consortium led by Northern Engineering Industries is to push ahead with talks leading, it is hoped, to the signing of a letter of intent within weeks.

Mrs Gandhi is expected to announce in the Lokh Sabba, India's Parliament, today that "serious negotiations" for the deal will begin shortly.

A simultaneous announcement from the Overseas Development Administration in London, which is part of the Foreign Office and administers the UK's £1bn a year foreign aid programme, is expected to spell out Britain's change in aid policy.

This will include lifting the limitations imposed on the International Development Association (IDA), the World Bank's concessional lending body, to draw on Britain's contribution to loans available to the world's poorest countries.

These limitations were imposed by Britain and other industrialised countries in the wake of the substantial cut in IDA contributions from the U.S. This resulted in a cut in IDA funds for the current fiscal year from an original target of $4.1bn to $2.6bn (£1.46bn).

Britain's contribution for 1980-83 of £555m would have been considerably slowed under previous policy. The Indian government regards Mrs Thatcher's change of heart as an important victory for the developing world and it is hoped will lead to other industrialised nations following suit.

The IDA cuts would have meant that India—until now the single largest recipient of these funds—would have received $840m this year instead of a planned $1.6bn., seriously undermining the country's ambitious development programme.

Britain's change in aid policy will also include restoring UK bilateral aid to India to the levels before the cuts announced last year. Britain is the single largest contributor of aid to India.

Last year, under the revised programme, India received only £86m.

The level of aid for the current year will be boosted, it is understood, to £105m. The power station contract will involve substantial aid funds from Britain.

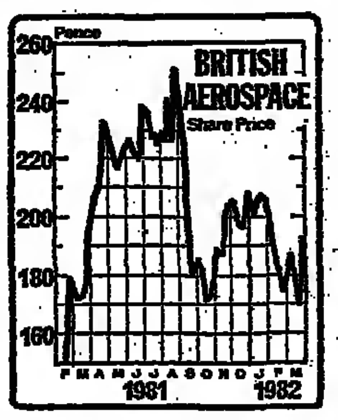
Last week's deal represents a victory for Lord Carrington, the Foreign Secretary, who has been a persistent critic of the Government's decision to reduce foreign aid

THE LEX COLUMN

Aerospace reaches cruising height

After roaring so successfully from the tarmac early last year, British Aerospace shares have had to contend with a prolonged spell of stormy weather, for which a depression over Whitehall is partly to blame. So yesterday's soothing words from the flight deck were particularly welcome. At £70.6m, pre-tax profits for 1981 are about 10 per cent higher than the offer for sale forecast and a third higher than in 1980.

Index rose 7.2 to 562.3



Special factors must take some of the credit. BAe had £100m of offer proceeds to work with for 10 months of the year and sterling's decline against the dollar has helped to preserve margins. But the trading profit has been struck after £20m of specific provisions, including £8m for the Laker debacle, so there has also been genuine growth.

Heavy development costs on the BAe 146 and Airbus A310 have contributed to an underlying cash outflow of perhaps £80m. This is nothing to worry about and the balance sheet remains very strong with liquid assets of £186m. But, when dealing with financially pressed airlines and government departments, it makes no great bargaining counter and debtors have increased by a quarter to £375m.

The order book has risen 11 per cent to £3.9bn, which is encouraging in the current climate. The increase is actually understated by the delay in confirming agreed U.S. orders. So, even if the order intake is now slower than had been hoped, there is plenty of work in hand. On a dividend twice covered by current cost earnings, the yield is 5.9 per cent.

Commerzbank

Commerzbank has been obliged to publish a break-even after tax result on its parent bank operations for the second successive year and, as forecast, the dividend has again been omitted. But at least this is a less worrying break-even than last time. The parent bank has turned an operating loss into a profit of around DM 190m and has not needed to dig into its inner reserves. The fixed interest loan book, which created the problems, is gradually being run off and some dividend should be paid this year.

Yet the full rehabilitation of Commerzbank still looks a long way off. Last year's interest margin of 1.63 per cent must be roughly half that enjoyed by Deutsche Bank and balance sheet growth is prevented by the absence of retentions. Personnel costs, meanwhile, have continued to rise.

The break-even position was struck after asset disposals and there must be some concern that this year's earnings will be depleted by provisions against earlier loans. So Commerzbank is in the uncomfortable position of being unable to generate the growth that it needs. The only solution must be a heavy rights issue as soon as a dividend is in sight.

Standard Chartered

After five years of rapid expansion, Standard Chartered Bank has turned in some rather insipid results for 1981. The first half saw a rise in pre-tax profits of 15 per cent, but growth has slowed in the second six months to produce a gain for the year of 12 per cent, at £260.4m. The dividend has been bumped up, though not by as much as those of most of the London clearers, and the shares put on 8p yesterday to 663p, where the yield is 8¼ per cent.

The main problem areas have been California, where Union Bank's returns were lower even before attributing an extra £10m or so of interest on loan capital to it. Bullion earnings have also been hit. But the big disappointment has been the decline in Hong Kong, due apparently to the trading orientation of the company's business, whereas competitors with more exposure to property have seen sharp gains in profits. A revaluation of trade investments has raised the contribution from South Africa, though the local subsidiary has shown a profits decline.

Prospects for the current year are dull. But in the short term the profits outlook is likely to take second place to corporate developments in determining share price movements, as the bank considers its options after the failure of its bid for Royal Bank.

Reckitt & Colman

Reckitt & Colman has heaved itself off a five-year profits plateau, pushing its 1981 pre-tax figure up from £53.2m to £66.4m. The results show maintained momentum in the second half, which has to be compared with a much stronger period than the very depressed first half of 1980. Although the fall in sterling increased the second half overseas contribution by £2m on translation (Latin American currencies are excluded from the calculation), a more conservative treatment of mismatched borrowings — especially where dollar debt finances Brazilian assets—has led to an offsetting £2m charge against trading profits.

The trading figure has also had to bear a marketing spend that has pushed ahead quite rapidly, in some contrast to the capital budget. There has been a sharp recovery in the UK domestic businesses, where Reckitt seems to be firing on all cylinders with cost inflation well under control. The group has fully recovered from the balance sheet pressures that appeared in mid-1980, and borrowings fell by a net £9.6m in 1981.

Unfortunately, there is the usual accident in the U.S., where Sunset Designs has moved deeper into loss, to the tune of $8m in the full year after stock write-offs. (There is also a £1½m charge to cover withdrawal from garbage collection in Sydney.) But Reckitt is unabashed by its recent hat-trick of U.S. disasters, and is now test-launching the lavatory cleaner Bleachmatic at the cisterns of Kansas.

Household products are home ground, which is more than can be said for needlework, but the launch could easily provoke another bloody battle with Procter and Gamble, which trounced Reckitt in dried potatoes two years back. The spend on Bleachmatic will depress U.S. profits for a couple of years, but the group should still move comfortably above £70m in 1982. On a higher dividend covered 1.5 times by current cost earnings, the shares yield 4.9 per cent at 294p.